

1897-27

CANADA

# BUDGET SPEECH

DELIVERED BY

HON. WILLIAM S. FIELDING, M.P.

MINISTER OF FINANCE

IN THE

## HOUSE OF COMMONS

THURSDAY, 22ND APRIL

1897



OTTAWA

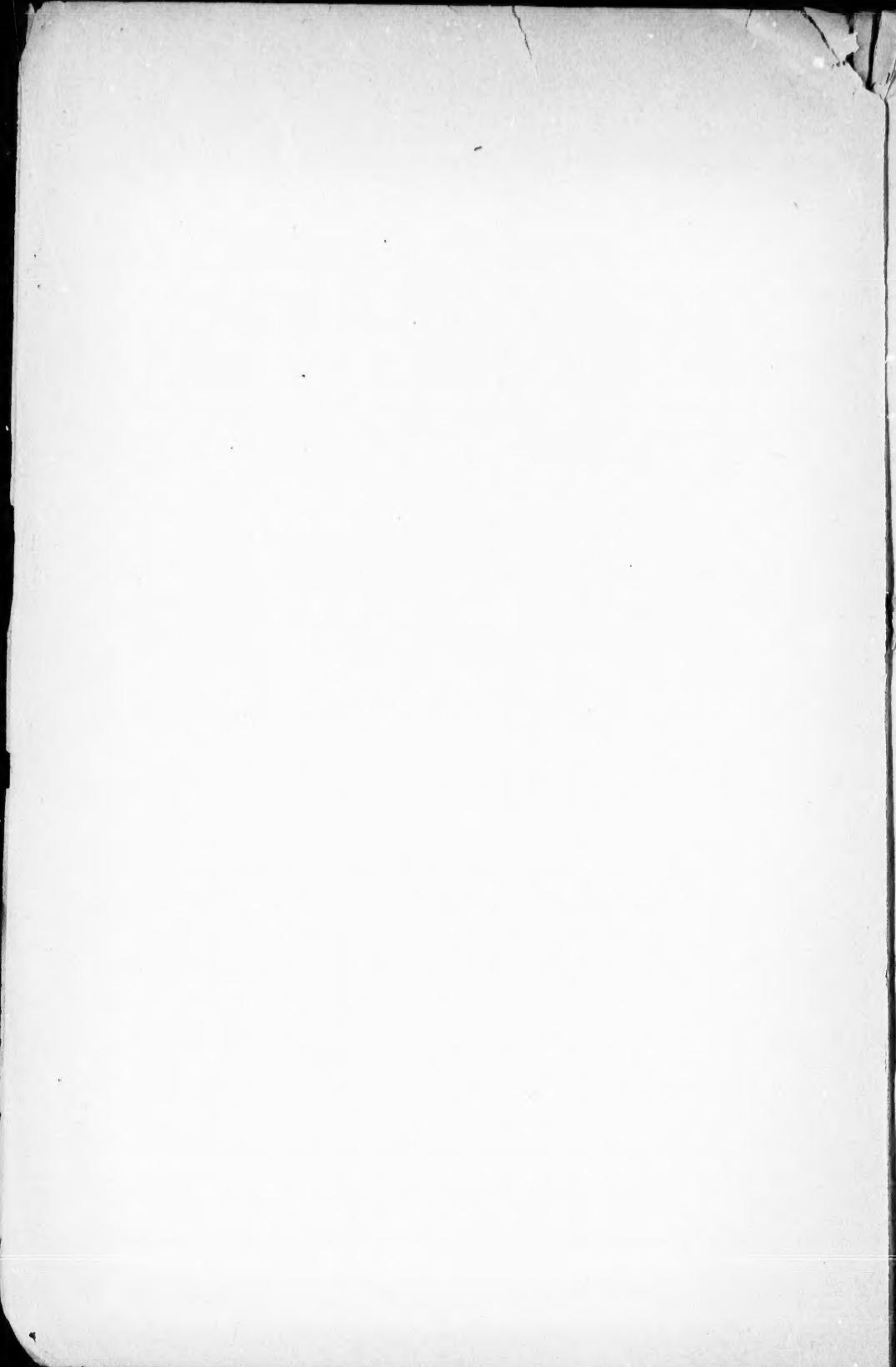
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1897

1897-21

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IN THE

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## WAYS AND MEANS—THE BUDGET.

The MINISTER OF FINANCE (Mr. Fielding) moved :

That the House resolve itself into committee to consider the Ways and Means for raising the Supply to be granted to Her Majesty.

He said : Mr. Speaker, I avail myself of this motion to address to the House such observations as may seem to be necessary at the present time in explaining the financial position of the Dominion ; and also to submit to the House the details of the tariff policy which, in the judgment of the Government, is best calculated to promote the welfare of the people of Canada. I feel sure that, as I proceed, I shall have abundant reason to ask the generous indulgence which the House is always ready to accord to one who, for the first time, undertakes a task of so great magnitude, a task which to me, I confess, is all the greater when I remember the long line of able and distinguished men who have preceded me in the office of Minister of Finance.

## THE FISCAL YEAR 1895-96.—REVENUE.

My first duty will be to deal with the affairs of the fiscal year which ended on the 30th of June, 1896 ; and this portion of my speech must of necessity be of a statistical character. It will not be necessary for me to occupy the time of the House at great length in regard to the year 1895-96, because the House has already been placed in possession of

the principal points of interest through the public accounts and the appropriation accounts which have already been laid on the Table. In each of the three classes into which our revenue is usually divided, namely, customs, excise and miscellaneous, there is a marked increase over the year of 1894-95. The amount of that betterment I will give in detail :

Service.	1895-96.	1894-95.	Increase.
	\$ ets.	\$ ets.	\$ ets.
Customs.....	19,833,279 48	17,640,466 00	2,192,813 48
Excise.....	7,926,005 94	7,805,732 71	120,273 23
Miscellaneous.....	9,859,305 86	8,531,930 76	327,374 54
Total.....	36,618,590 72	33,978,129 47	2,640,461 25

The total revenue of \$36,618,590 fell short of the estimate made by my predecessor in his financial statement of 31st January, 1896, to the extent of some \$370,000. Now, taking the report of my hon. friend the Controller of Customs as my authority, it will be found that on nearly all the general lines of imports we have received increased revenue over the year 1894-95. The following, however, are the main items of increase, sugar, of course, being the principal :-

Grain of all kinds.....	\$ 42,902
Flour and meal of all kinds.....	38,361
Carriages .....	211,737
Coal and coke.....	56,222
Cotton, manufactures of.....	111,794
Drugs, dyes, chemicals and medicines...	21,786
Flax, hemp and jute, manufactures of...	41,297
Fruits and nuts, dried.....	17,915

Fruits and nuts, green .....	11,549
Hats, caps and bonnets.....	13,472
Iron and steel, and manufactures of.....	223,123
Leather, manufactures of.....	11,683
Oils, coal, kerosene, and products of.....	18,597
Oils, all other.....	14,377
Paints and colours.....	10,024
Provisions, viz., butter, cheese, lard and meats .....	17,059
Seeds and roots.....	14,608
Silk, manufactures of.....	97,527
Soap of all kinds.....	10,351
Spirits and wines.....	84,754
Sugar of all kinds.....	894,428
Wood, and manufactures of.....	21,033
Wool, and manufactures of.....	231,569

Of the comparatively few classes of goods on which the customs revenue declined, the following may be cited :

Arrowroot, biscuit, rice, macaroni, &c....	\$ 38,395
Fancy goods.....	14,131
Glass, and manufactures of.....	18,485
Gutta percha and india-rubber, manufactures of.....	20,265

The second principal source of taxation, excise, shows an advance in the receipts from this important branch of our service. Of the different items included under this heading, tobacco and snuff proved the only cases in which the revenue fell behind that of the previous year. The following statement will exhibit the quantities taken for consumption, and the duties accrued thereon, of the several excisable items :—

the per capita consumption for the years 1895 and 1896 :—

	To-Spirits.	Beer.	Wine.	Bacco.	Gails.	Galls.	Lbs.
Average from 1867....	1.037	2.900	.131	2.170			
do 1894-95.	.666	3.471	.090	2.163			
do 1895-96.	.623	3.528	.070	2.120			

From the miscellaneous sources of revenue the most important increases occurred in Post office, \$171,225.39; interest on investments, \$33,953.62; and casual, \$121,412.32.

On the whole, therefore, the revenue in 1895-96 showed a buoyancy and expansion in marked contrast to the year 1894-95.

#### EXPENDITURE.

Having so far given our attention to what was received into the treasury, let us now turn to the other side of the account, the expenditure. My predecessor estimated that the outlay for 1895-96 would amount in round numbers to \$87,000,000, and that the receipts and expenditure would about balance. The actual expenditure was within \$50,000 of the estimate and amounted to \$36,949,142.03, but as the revenue fell short of expectations, instead of both sides of the account balancing there has again occurred a deficit amounting this time to \$330,551.31. Compared with the expenditure of 1894-95,

Article.	Quantity.	Quantity.	Duty.	Duty.	Increase.
	1895.	1896.	1895.	1896.	1896.
Spirits, galls.....	2,545,054	2,344,767	\$3,870,752	\$3,973,300	102,548
Malt, lbs.....	50,659,627	51,690,278	759,929	775,354	15,425
Cigars, No.....	106,131,294	108,290,260	635,028	648,462	13,434
Cigarettes, No.....	66,628,440	80,461,900	99,943	120,692	20,749
Tobacco and snuff, lbs....	9,568,437	9,392,487	2,267,738	2,228,697	.....

Showing a decrease in tobacco and snuff of \$39,041.

It is worth noting at this point that according to the report of the hon. Controller of Inland Revenue the per capita consumption of spirits and wines in 1896 reached the lowest point since confederation. The per capita consumption of spirits being .623 gallons; and of wines, .070 gallons against an average of 1.037 gallons of the former and .131 gallon of the latter. The following statement gives the average per capita consumption from 1867 to 1896, and

the year that elapsed on 30th June last, was remarkable for a distinct decrease in the public outlay, a decrease amounting to \$1,182,863.02. The decreases were pretty generally spread throughout the various services, but the following are the most important heads :—

Premium, Discount and Exchange.....	\$ 34,099
Civil Government.....	25,599
Legislation .....	36,882
Penitentiaries .....	64,372
Immigration .....	75,453
Militia .....	437,300
Mounted Police.....	113,111
Public Works, Consolidated Fund.....	442,548

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Railways and Canals, Consolidated Fund	126,272
Ocean and River Service	\$ 23,640
Indians	74,995
Customs	21,299

As against these reductions the following increases must be noted :—

Interest on public debt	\$ 36,135
Sinking funds	52,976
Superannuation	46,846
Mail subsidies and steamship subventions	21,648
Government of North-west Territories	27,076
Post Office	71,363
Railways and Canals, collection	122,099

Notwithstanding the contraction of the expenditure the net outcome of the year was a deficit in the ordinary running expenses of the country as above stated of \$330,551.31. The deficit for the year 1894-95, you will remember, was \$4,153,875.58.

#### THE CURRENT YEAR, 1896-97.

Having reviewed the main features of the accounts of the Dominion for the year ended 30th June, 1896, I must now ask your attention to the condition of affairs of the present fiscal year of which nearly ten months have elapsed. First, let me give you as briefly as I can, my estimate of the result of the year's operations, taking the actual figures for the period elapsed, and adding thereto the figures appertaining to the period from 20th April to 30th June of the previous year, making such allowances as the altered circumstances prompt.

Taking up the revenue side first I find that up to the 20th April—that is up to last Tuesday night—we received as ordinary revenue \$30,254,403.74. Adding to this for the purposes of estimate, the actual receipts between 20th April and 30th June of last year \$7,892,251.81 would give us probable receipts to the amount of \$38,146,655.55. But this I consider beyond the mark for this reason. The income from excise has been unduly swollen by reason of duties paid in anticipation of tariff changes, that must necessarily affect the revenue for the balance of the year, and in our customs receipts there has been a development in the last couple of months that must likewise affect materially the year's results. I am convinced, therefore, that to arrive at a safe and reasonable estimate I must cap \$850,000 from the \$38,146,655, given above. In round numbers, therefore, our income to 30th June next will, I expect, reach \$37,

300,000. Let us deal now with the expenditure in a similar manner. Up to the 20th April, instant, we have expended \$25,463,830.05. In the period from the 20th April to the 30th June, 1896, we expended \$12,303,949.37. Summing these two up, we have the estimated expenditure to the 30th June next as \$37,857,779.40; or say in round numbers, \$37,850,000. I have just estimated the revenue to be \$37,300,000; so that you will see, Mr. Speaker, that if I were to take these figures as being exact, we might expect to close the present year with a deficit of not a very large sum.

#### CAUSE OF INCREASED EXPENDITURE.

As I have already stated, the actual expenditure for the year 1895-96 was \$36,949,142, or in round numbers \$37,000,000; so that the anticipated result of this year's expenditure will be greater than that of last year by \$850,000. Now, I think it will not be out of place at this point to state the reason for this increase. Taking the detailed services, I find the responsible increases to have taken place on: Interest on Public Debt, Legislation, Militia, Public Works and Post Office. What are the reasons for the increase in each of these services?

Mr. FOSTER. Will my hon. friend permit me. Do I understand him to say that he estimates the deficit to be \$850,000?

The MINISTER OF FINANCE. No. If I were to accept the figures that I have given as exact, they would lead me to expect that we might reach the end of the year with a deficit of perhaps \$500,000 or \$600,000. I wish to say further that that might be too sanguine a view, and I would not wish to be bound closely by it. I think we will have to make further allowance for the uncertainties of our trade during the two remaining months. I shall not be far astray if I say we will come out of the year with a deficit well within a million dollars, and I shall not be surprised if it does not exceed \$600,000.

In the case of the Interest on Public Debt we had to discount additional treasury bills to the extent of £600,000, necessary to meet liabilities incurred previous to the present Ministry coming into power.

In Legislation, you will remember, we had an extra session of Parliament last August.

In Militia, owing to the undoubtedly desire on the part of the late Government to make a show of retrenchment, the usual militia camps for 1895-96 were omitted, making it all the more necessary in the following year that this important service should receive the more attention.

In Public Works, the appropriations were cut down below what was needed for works actually in progress, with the result that we have had to pay during the current year for work done in 1895-96.

In the case of the Post Office, a similar cause produces a similar effect. Accounts for 1895-96, for work done chargeable to that year, were held over and not paid until the present year.

This current fiscal year, Mr. Speaker, is the one in which we enter fully into possession of the legacies left us by our predecessors in office, and may I repeat what I have already stated on the floor of this House, in some observations which I had the privilege of addressing during the summer session. I then said :

It will not be until this fiscal year is completed, until we have paid the debts of the hon. gentlemen opposite, and entered upon a new year for which we shall prepare the Estimates ourselves and have full and complete control of them, that we shall be in a position to make comparisons.

My hon. friend who leads the Opposition declared in some remarks on the closing day of our summer session, that this country was face to face with a deficit in the first year of the present Ministry of not less than something like \$3,000,000. I ventured to say to my hon. friend then, that I thought he was playing the part of an alarmist. Notwithstanding the legacies that have been left us by hon. gentlemen opposite we expect to keep within their leader's estimate, and to go below it, to the extent of \$2,000,000 or \$2,500,000.

#### TEMPORARY LOANS.

While on the subject of the current year's affairs, I may refer to the extent of our temporary indebtedness. On the first of July last treasury bills to the extent of £400,000 sterling were negotiated by our predecessors in office. These were renewed on the 1st of January last, and to meet the requirements of the country a further sum of £600,000 in treasury bills was issued; so that to-day our temporary loans amount

to £1,000,000 sterling, maturing on the 1st of July. In the course of some remarks at the close of last session, my hon. friend (Mr. Foster) who preceded me as Finance Minister, stated his belief that before this year was out I would have to borrow on the market at least \$10,000,000 to make things square, and that the money so borrowed, would in the main, go, not for capital expenditure, but actually to meet our daily needs. The position of my hon. friend (Mr. Foster) as an ex-Finance Minister entitled that prophecy to consideration, but I hope he will be pleased to know that he was very far astray. Instead of having to borrow as he anticipated \$10,000,000 to meet current expenditure, he may be pleased to be assured, that all we have had to borrow is £600,000 sterling, and that that sum was necessary, not for one service only, but to put us in funds for all the charges against both capital and ordinary expenditure.

#### DEBT AND CAPITAL EXPENDITURE.

So far, Sir, I have dealt with the expenditure chargeable to consolidated fund. I now turn to the debt and capital expenditure of 1895-96 and 1896-97. The capital expenditure for 1895-96 was incurred under the following heads :—

Railways and Canals.....	\$2,519,174 51
Public Works.....	114,825 58
Dominion Lands.....	82,184 15
Militia .....	1,000,000 00

Total..... \$3,716,184 24

We also paid to the Canadian Pacific Railway, \$68,669.49, and on railway subsidies, \$834,745.49; making a total of altogether, \$4,619,599.22.

To arrive at the increase in our debt for the year, we have to add the following items that affect the debt: Quebec railway subsidy, shown first as liability in 1895-96, \$2,394,000; deficit of 1895-96, \$330,551.31; sundry amounts chargeable to consolidated fund, \$137,185.19; making in all, \$7,481,335.72.

From this, however, we must deduct the expenditure for sinking fund, and a small refund of \$542.52 on account of the Northwest rebellion expenditure, making \$2,055, \$30.04. Taking this from the \$7,481,335.72, above mentioned, we have \$5,425,505.68, which represents our increase of debt for the year 1895-96, and that debt stood—that

is the net debt—on the 30th June last stood, at \$258,497,432.77.

Mr. FOSTER. Is my hon. friend going to make any further explanation with reference to the Quebec debt of \$2,394,000?

The MINISTER OF FINANCE. I do not know that any explanation is called for. My recollection of the fact is that the amount was originally placed to the credit of the province of Quebec and they were entitled to draw the interest. It was granted to them, if my memory serves me, as practically a refund of railway subsidies, and I think there was much to be said in favour of treating it as a railway subsidy, and placing it in the Public Accounts along with other railway subsidies. Very possibly that was not the view, and at all events it was not done; but upon a subsequent occasion—the hon. member will perhaps remember the year—an Act was passed whereby the capital sum was placed to the credit of the province of Quebec, and that province was free to withdraw that capital sum whenever it so desired. If that was the fact, it properly became an obligation of the Dominion, and should have appeared in the debt account.

Mr. FOSTER. But my hon. friend will agree with me that that was not a liability which was incurred in 1895-96. In reality, it belongs to 1883-84. It is simply a change of book-keeping.

The MINISTER OF FINANCE. I quite agree that it is not a new liability. It is an old item, which I think my hon. friend should have included in the debt account some years ago.

Mr. FOSTER. That is a fair question for argument.

The MINISTER OF FINANCE. I do not wish to convey the idea that it is a new liability. It is, as the hon. gentleman says, a mere matter of book-keeping. If it was an obligation of the Dominion, I think it should have appeared in the debt account.

Mr. FOSTER. But my hon. friend will remember that a change took place under legislation which was passed the year before last, in this House and in the Quebec House, which was the only reason for making a change in book-keeping.

The MINISTER OF FINANCE. Passing to the current fiscal year, our expenditure for capital purposes, which up to the 20th April reached \$2,823,078, will probably, by the end of June next, be in the neighbourhood of \$3,425,000.

To arrive at the probable effect of the whole year's operations on the net debt, we will have to add to this the probable deficit, which may perhaps be placed as low as \$550,000, though I hesitate to commit myself to an amount so low. But if we take that figure as correct, we would then have to charge against capital account \$3,975,000. But as this includes the amount of our investments for sinking funds, which, while an expenditure on one hand, must be regarded on the other as an asset, we must deduct the estimated investments to the 30th of June, \$2,214,000, leaving an anticipated net increase of the debt of, in round numbers, \$1,750,000. In all the foregoing I have kept well within the limit of fair estimate, and any marked improvement in our revenue between this and the 30th of June next, will of course ameliorate to that extent my estimated deficit, and increase of debt.

#### THE FISCAL YEAR 1897-98.

Having, Sir, occupied so much time with the two preceding years, I now turn to the year 1897-98. With regard to the expenditure of 1897-98, my expectation is that, while undoubtedly supplementary Estimates will be brought down, the savings in the Estimates—that is, unexpended balances which always arise owing to expenditures not being carried out as proposed, and to amounts being carried over by re-votes and otherwise—will be considerable. At this moment we are not, of course, in a position to state what the amount of our supplementary Estimates will be, but I hope they will not be large. If we take into account the savings to be made in the way I have indicated, I think they will nearly represent the outlay under the supplementary items; and it would not be far astray to estimate for the year an expenditure of about \$38,200,000.

On the basis of the present tariff, and looking at the probable results of the present fiscal year, it would appear as if the revenue for 1897-98 would be in the

neighbourhood of \$37,500,000, which would on its face leave a deficit of \$750,000. It is of course neither desirable nor desired that there should be any deficit. We have had deficits now for three years in succession, and we all agree that we should, if possible, avoid a continuation of such an unsatisfactory condition of affairs. Before I conclude, I will show what steps we propose to take to make up the additional sum required to meet the anticipated deficiency. Taking the capital expenditure for 1897-98 at \$5,000,000, and deducting the expenditure for sinking fund investments of \$2,300,000, it would appear that the results of the operations of the year 1897-98 would increase the net debt to the extent of about \$2,700,000.

#### COMPARISON WITH 1896-97.

Before passing on to another subject, I may perhaps occupy the attention of the House for a few moments while I dwell upon the fact that the expenditure asked for next year, in comparison with the expenditure of the present year, appears to be beyond what would be supposed to be required. If hon. gentlemen will recollect, in the year 1895-96, the last year for which full returns have been issued, the expenditure was in round numbers \$36,949,000. This diminished outlay was arrived at, I think I am justified in saying, by the postponement of necessary expenditures. As before pointed out, the militia camps were dispensed with, and bills of various departments were held over. The expenditure, therefore, of that year cannot at all be regarded as a normal expenditure. It will be recollected that in the Estimates that my hon. predecessor in office laid on the Table of this House during the first session of 1896, he asked for a service on consolidated fund account of \$38,300,000; and, in addition to that, although it has been said that they were not settled upon by the Government and were not presented to the House, there were supplementary Estimates to be brought down, of which we have heard something in past debates. I know that my hon. friend has desired it to be understood that those Estimates had not received the sanction of the Government in all respects, and he has not been willing to be held responsible for them; but at all events he

will, I am sure, admit that a considerable portion of those Estimates had become public property, inasmuch as hon. gentlemen who had the confidence of the Government thought proper to assure their friends in different parts of the Dominion that the expenditures contemplated under those Estimates were to be made. When we came into office, we found large estimates prepared in the departments, and we cannot suppose that they were prepared without any intention of their forming part of the expenditures of the year. If we add to the main estimate of \$38,300,000 above given the probable amount that would have been asked for in supplementary Estimates for 1896-97, it will be found that the expenditure asked for by me next year, say \$38,250,000, is much less than the probable sum that would have been asked for had hon. gentlemen opposite remained in power.

Mr. FOSTER. Rather speculative.

The MINISTER OF FINANCE. My hon. friend says that is rather speculative, and he laughs at the idea that those supplementary Estimates represented expenditures. I regret that he does so, because he laughs at his friends who on every hustings throughout the Dominion represented that those expenditures were to be made; and, as many of those gentlemen are no longer here to meet him, I do not think he should laugh at them in this way to-day.

#### HISTORY OF THE CONSERVATIVE NATIONAL POLICY.

Now, Mr. Speaker, having said so much in explanation of our financial position, it becomes my duty to turn my attention to what I am sure is a more interesting part of the subject; that is, the new tariff that we are about to submit. Before I proceed to speak of that tariff, I think it is well that we should reflect for a moment on the history of the present tariff, commonly called the National Policy.

Mr. FOSTER. That is a new version, I suppose.

The MINISTER OF FINANCE. My hon. friend will find that it is not my habit to give new versions of things which are always the same. I cannot hope, Sir, to offer anything that is new on the subject, because I know it has been well threshed

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out in this House again and again by men abler than myself. But I think that at a moment when we are about to turn away from the policy which I regard as a mistaken one, we shall do well to make some reference to that policy and to the circumstances under which it came into existence. I suppose it will not be questioned that at the time of the union of the provinces, one of the most serious obstacles which the promoters of that great movement encountered was the difficulty on the tariff question. The lower provinces were firm believers in the policy of free trade, as the words were understood; at all events, in favour of the policy of a low tariff. The upper provinces—Old Canada—had a tariff which the maritime people regarded as somewhat high, though I am bound to admit that, in comparison with tariffs of later years, it was very moderate. But I am sure the hon. leader of the Opposition (Sir Charles Tupper), who was intimately and prominently connected with the movement for confederation, will bear me out when I say that the tariff question was one of the great causes of difficulty in bringing about the union of the provinces. The hon. gentlemen who desired to promote that movement found it necessary to give to the people of the maritime provinces the most sacred and solemn assurance that if this union could be accomplished, the maritime provinces would not have to assume the burden and responsibility of a high tariff. True, you will not find that in the British North America Act, but I venture to say it was an unwritten treaty between the promoters of the union and their friends in the maritime provinces. It is but fair to say that, in the beginning, that treaty was observed. The first tariff of confederation was a moderate tariff, and although a year or two later it became necessary to change the duties somewhat in the interests of revenue, there was no substantial departure from the terms of what I have described as the unwritten treaty with the lower provinces. It was not indeed until 1876, or about that time, that the question of a high tariff gravely occupied the attention of this House. True, in 1870 the question of protection had been mooted, and a policy of protection, as respects a limited list of articles, had been adopted,

but that policy was abandoned in 1871, and from that time down to the moment at which the Government of the late Sir John Macdonald retired from office, no further movement was made in the direction of what was called a protective tariff. It was not until the Government of Sir John Macdonald had been defeated and Mr. Mackenzie was in power, it was not until a period of great depression had come upon the country—not upon Canada alone, but the world at large—it was not until there were conditions well calculated to make people anxious in Canada, as well as elsewhere, as to the business prospects of the country, that any serious movement took place in Canada for the establishment of a protective tariff. It is well known that the manufacturers came to Mr. Mackenzie between 1874 and 1878, and proposed to him that he should increase the tariff. No doubt they thought that they were correct; no doubt they believed that prosperity would result from the adoption of a protective system, and, therefore, desired that Mr. Mackenzie should yield to their views. But we all know that Mr. Mackenzie refused to do so. Now, I believe that Sir John Macdonald was up to that time as good a free trader as Mr. Mackenzie. I have seen no evidence that he ever deliberately adopted the policy of protection with the intention of adhering to it as the fixed policy and principle of the Conservative party. On the contrary, I believe that he was tempted to yield to it for the moment by the clamour that was raised by the protectionists, and the belief that he might be returned to power. But if we refer back to the discussions of these days, we will find that in the resolutions submitted and the speeches made by Sir John Macdonald and his followers, the whole question of protection was treated in a very tender way indeed, and the resolutions for which the Conservative party voted at that time were resolutions which might mean almost anything. They were protectionist, it is true, but the platform was one which enabled a Minister of the Crown to go down to the maritime provinces and offer himself for election on it as the "champion free trader." I mention this to show that the policy of protection was not deliberately adopted even by the Conserva-

tive party, but was the outgrowth of political difficulties in which the leaders of the Conservative party, I think erroneously, permitted themselves to be led away from the old faith; and I venture to say now that, in the light of history, many Conservatives of this country look back upon that departure with regret. Though they supported the National Policy believing it would be instrumental in developing the best interests of the country, they will admit to-day that it was a policy of disappointment, and that, in all probability, Canada would have prospered more if she had adhered to the policy of a low tariff.

#### WHAT PROTECTION WAS EXPECTED TO DO.

I have pointed out that the Conservative party adopted the policy of protection at a time of considerable depression, when there was too much disposition, I am afraid, on the part of the people to take up any nostrum which seemed to give promise of a better state of things. But we may well ask ourselves to-day, what were the inducements that were held out to the people to accept that policy? I shall not detain the House by going through all the predictions which were made and the expectations which were created, but some of the things which occurred at that time may well be mentioned. One of the most important and one of the most common arguments used was that a protective tariff, though probably not a very good thing in itself as a permanent policy, would be a good policy to adopt temporarily. If you will give, they said, these infant industries protection, they will, in a very short time, become strong and vigorous and be able to stand alone without protection. Well, Mr. Speaker, we are able to deal with that argument to-day in the light of experience. We have had eighteen years of pretty high protection, carried into effect under conditions as favourable as could be wished for in Canada, and what has been the result? These infant industries have grown bigger and their voice stronger, but their voice still cries out that if the nursing bottle be taken from them, they will immediately perish from the face of the earth. And so we find that the argument then used, that the policy of protection was only intended to

encourage infant industries, and that for a short time, has not proved correct.

Then we had another strong temptation to adopt the National Policy. There was a very strong desire among the people for a reciprocity treaty with the United States, and hon. gentlemen opposite thought they could do nothing better than use the reciprocity cry to help them to make the National Policy acceptable. The hon. leader of the Opposition (Sir Charles Tupper) went down to the maritime provinces, where the idea of reciprocity was very agreeable to the people, and gave the electors there the assurance, with all the vigour we know he is capable of, that if they would accept the National Policy, he would undertake to bring about reciprocity with the United States within two years. On another occasion, later on, my hon. friend extended the time one year—he only wanted three years to bring about a reciprocity treaty. Well, we have had eighteen years of the National Policy and I am sure my hon. friend will not dissent when I say that in the last year of the Conservative term of office, they were farther away from reciprocity than they ever were during any previous year of their existence.

#### THE TEST OF POPULATION.

I think that the National Policy may very properly be tested to-day in the light of all these promises. But there was another promise made which was of greater importance. I think that the strongest argument used by my Conservative friends in advocating the National Policy was that it would increase the population of our country. I think that this test of population, which has so often been applied before, may well be applied for a few moments again, because I think the lesson is full of importance and cannot be applied too often. The policy which was inaugurated in 1879, and which had been previously known in 1870, for a short time, as the National Policy, told the people in very glowing terms what it would accomplish and lead to. It was to remove distress whether in agriculture or manufacturing,—and distress did exist, as had to be acknowledged, during the period that Mr. Mackenzie was in power. It was to lead to great prosperity and the rapid up-building of the

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country. Immigrants were to flow in and employment was to be furnished for all. The present leader of the Opposition (Sir Charles Tupper) said that this was the supreme test of prosperity :

If we are to have a country at all, — said he, as reported in the "Hansard" of 1877, page 167 —

— it must be by bringing people into it. It is our policy to bring people into our country and to furnish employment for them when here, and that is the only policy by which Canada can hope to attain any position of importance in the world. We must have a large and extended immigration and give work to people when they come here.

Taking population as the test of prosperity, the results of the census of 1891, the last official figures to hand, were certainly disappointing. I have here the official figures. In the province of Ontario, in 1871 the population was 1,620,851. In 1881 it had increased to 1,926,922, an increase of 18·6 per cent. In 1891 the population had grown to 2,114,321, an increase of 9·73 per cent, as compared with 18·6 per cent in the previous ten years. In the province of Quebec the increase of population from 1871 to 1881 was 14 per cent, and from 1881 to 1891, 9·53 per cent. In the province of Nova Scotia the increase in the first period was 13·6 per cent, and in the second it was 2·23 per cent. In the province of New Brunswick, from 1871 to 1881, the population increased 12·4 per cent, and in the next ten years it increased 0 per cent. In the province of Manitoba the increase from 1871 to 1881, was, of course, very large, as this was in the early history of that province. The increase in those years was 247 per cent. In the next ten years the increase was 144 per cent. Of course, I do not think the same force would attach to this comparison, because the country having just been opened up, the rush of population would naturally be somewhat larger than afterwards. But I am sure that even in regard to Manitoba the census returns must have been sadly disappointing. The province of British Columbia increased in a larger degree from 1881 to 1891, than in the previous decade, the increase for the earlier period being 36·4 per cent, and for the later, 98·49 per cent, a large increase in that province, as we should acknowledge. In Prince Edward Island, the increase from 1871 to 1881 was 15·8 per cent, and from 1881 to 1891, it was 0·17 per cent. In the Territories the comparison is not given so closely, and I cannot give the percentages. The increase disclosed by the census of 1881 for the whole Dominion was 18·97 per cent, and by the count of 1891 it was 11·76 per cent, a decrease in progress of a little over 7 per cent. The growth of the country, therefore, in point of population was much slower under the National Policy than it was during the period before that policy was put in operation. Eliminating the new portions of the Dominion, and considering the provinces of old Canada, which include the whole population except about 400,000, the results are still more disappointing. According to the census figures that I have given the increase in these provinces was exceedingly small. In point of population the growth of the older provinces from 1871 till 1881 was more than three times as great as it was during the decade spent wholly under Conservative rule and wholly under a protective tariff. The population of the maritime provinces in 1871 was 767,000, and in 1881 it was 870,000, an increase of 103,000. In 1891 the population of those provinces was 880,000, an increase of only 10,000 people in ten years. At the rate of 2 per cent per annum, the natural increase of 870,000 persons would be 174,000, instead of the actual increase which we find. In other words, the increase for ten years in the maritime provinces was less than the natural increase for one year. The aggregate population of the three chief cities of the maritime provinces, Halifax, St. John and Charlottetown, in 1881, was 73,712. In 1891 it was 74,113, an increase of 400 souls in ten years. This National Policy was to do great things for the farmer. The number of farmers and farmer's sons engaged in farming, by the census of 1881, was 656,712, and, by the census of 1891, it was 649,506, a decrease of 7,206. The numbers increased in British Columbia and the North-west Territories, but the old provinces show a decrease in the number of farmers, during this ten year period under the National Policy, of 36,042. The decrease of farmers in Ontario was 2·5 per cent, in Quebec 4·6 per cent, in Nova Scotia 15·9 per cent, in New Brunswick 15·8 per cent and in Prince Edward Island 1·3 per cent.

The rate of natural increase which can properly be credited to a country like Canada is about 2 per cent per annum, or 20 per cent in ten years. So, by adding one-fifth to the population of 1881, and by adding also the immigrants, we get the population that should have been found here in 1891. The natural increase on the whole population of 1881 is 865,000, and the number of immigrants officially certified as entering the country during the decennial period ending 1891, was 886,000, making a total increase of population of 1,751,000. But the actual increase found by the enumerators was only 509,429, thus showing a loss of 1,241,000. If the anticipations of the promoters of the National Policy had been realized our own people would have remained with us and all these immigrants as well. So that, estimating the loss of population as compared with the gain we would have had if predictions had been fulfilled—it might fairly be claimed that the natural increase of those who went away should also be taken into account, but even omitting this—that loss amounted to about one and a quarter millions of souls. The total foreign-born population in 1881 was 609,348, or 14.3 per cent of the total population. In 1891 the total was 645,507, a little less than 14 per cent, the increase in numbers being 36,159. The number of immigrants already stated as arriving in the country in the ten years from 1881 to 1891, was 886,000. So, the loss of immigrants was 850,000. These general results are borne out by the details. The census found fewer Irish and Scotch in Canada than ten years ago. The Scotch decreased by 8,000, and the Irish by 36,000. During the same period no less than 655,000 immigrants left Ireland and went to the United States. The immigration into Manitoba and the Northwest from 1881 to 1890, both inclusive, numbered, according to the blue-books, 258,814. The population in 1881 was 118,706, which with the 258,814 of official immigrants, should have enabled the enumerators to find at least 377,520 residents in the Territories and Manitoba; all they did find was 254,164, a loss of over 122,000 settlers. As the Department of Agriculture reckoned each settler as having a value to the country of \$1,000, there is a loss to the country of 122 millions, if we are to accept those figures.

The following are some of the places in Ontario where there was not only a failure to retain the natural increase, but an actual decline in numbers: Cobourg, Goderich, Dundas, Bowmanville, Amherstburg, St. Catharines, Port Hope, Ingersoll, Napanee, Strathroy, Paris, Prescott, Whitby, Kincardine, Mitchell, Port Perry, Thorold, Dunville, Harriston and Fergus. Most of these had a steady growth from 1871 to 1881; and if the predictions of the National Policy had been even partially fulfilled, all these towns, among the most thriving in Ontario, would have prospered exceedingly and furnished the home market to the farmers that they were led to expect. Dundas was a prosperous manufacturing town, and increased by several hundreds up to 1881; but that growth was stopped and it declined in population until, in 1891, there was some two hundred less than in 1881. Now, I believe these census returns are of the utmost importance, and they are a proper subject of discussion, because it was claimed that the National Policy was to be the instrument whereby the population was to be increased, whereby our young people would be prevented from going away, whereby immigrants would be brought to the country; yet from these figures, which, as I have shown, are official, I fail to see how any thoughtful man could doubt, from the moment those returns were published, that the National Policy had failed to accomplish its purpose. Prior to the publication of those returns, many intelligent people who had not given the subject serious consideration were no doubt convinced in their own minds, partly through party zeal and partly, I suppose, from reading the public press, that the National Policy was filling up the country; but when these census returns were brought down, then every thoughtful man in the country must have understood that the National Policy had been a very great failure, and indeed a bitter disappointment to every man who had honestly supported it. My hon. friend who leads the Opposition was High Commissioner in London at the time; and in his official report, in 1892, he felt obliged to make this sad statement:

I need hardly say that the returns of the census in Canada were received here (in London) with a certain amount of disappointment, as it was quite expected that the population

places in Ontario a failure but an actual success, Goderich, Kincardine, St. Marys, Napanee, Galt, Kincardine, Dunville, of these had been up to 1881; the National Bank fulfilled, all living in Ontario exceedingly and the farmers Dundas was own, and increased up to 1881; and it decreased in 1891, there was an in 1881. returns are they are a cause it was to be population was young people away, where- ght to the res, which, I fall to could doubt, were pub- had failed to the pub- intelligent object serious convinced if party zeal ing the pub- licity was fill- these census when every must have Policy had indeed a bit- ten who had friend who h Commiss- and in his obliged to

would exceed five millions. What effect this may have on immigration, I am not prepared at this moment to say.

I am afraid, Sir, that it had a very serious effect on immigration, because we know that the immigration returns for recent years have been far from satisfactory. I had a conversation recently on this subject, Mr. Speaker, with a very prominent member of the Conservative party, who is the head of one of the great manufacturing enterprises in Canada. I do not imagine for a moment that he was less loyal than he had been to his party; at all events, I knew him as a Conservative then, and I believe he is a Conservative still. But that gentleman, in discussing the subject, said to me: "The returns of the census were to me a bitter disappointment. We cannot stand," he said, "another census in Canada like that. If we should find as a result of the next census that there is no better showing, then I shall lose all faith in the future of Canada, and I shall have to look to some other country as a field for my capital and my enterprise." We hope and believe that by a change of policy the census returns of the present decade will not show such a bad result, and we hope and believe that when the second census is taken, and when we shall have an opportunity of comparing ten years of Conservative rule with ten years of Liberal rule, the results will not be such that any one of our leading Liberal manufacturers or capitalists will have to say that he is losing faith in the country.

#### THE LIBERAL TARIFF PLATFORM.

Now, Mr. Speaker, as to the manner in which this tariff revision should be brought about, I want to read to you, not that it has any element of novelty, but because it properly fits in at this stage of my speech, the platform adopted by the Liberal party in the great convention held in the city of Ottawa in 1893:

We, the Liberal party of Canada, in convention assembled, declare—

That the customs tariff of the Dominion should be based, not as it is now, upon the protective principle, but upon the requirements of the public service;

That the existing tariff, founded upon an unsound principle, and used as it has been by the Government, as a corrupting agency wherewithal to keep themselves in office, has developed monopolies, trusts and combinations;

It has decreased the value of farm and other landed property; It has oppressed the masses to the enrichment of a few; It has checked immigration; It has caused great loss of population; It has impeded commerce; It has discriminated against Great Britain; In these, and in many other ways, it has occasioned great public and private injury, all of which evils must continue to grow in intensity as long as the present tariff system remains in force.

**Mr. FOSTER.** Here endeth the second lesson.

**The MINISTER OF FINANCE.** There are some excellent lessons yet to come.

That the highest interests of Canada demand a removal of this obstacle to our country's progress, by the adoption of a sound fiscal policy, which, while not doing injustice to any class, will promote domestic and foreign trade, and hasten the return of prosperity to our people;

That to that end the tariff should be reduced to the needs of honest, economical and efficient government;

That it should be so adjusted as to make free, or bear as lightly as possible upon, the necessities of life, and should be so arranged as to promote free trade with the whole world, more particularly with Great Britain and the United States;

We believe that the results of the protective system has grievously disappointed thousands of persons who honestly supported it, and that the country, in the light of experience, is now prepared to declare for a sound fiscal policy.

The issue between the two political parties is now clearly defined.

The Government admit the failure of their fiscal policy, and now profess their willingness to make some changes; but they say that such changes must be based on the principle of protection.

We denounce the principle of protection as radically unsound, and unjust to the masses of the people, and we declare our conviction that any tariff changes based on that principle must fail to afford any substantial relief from the burdens under which the country labours.

This issue we unhesitatingly accept, and upon it we await with the fullest confidence the verdict of the electors of Canada.

**Mr. Speaker,** the electors of Canada, in due course, gave their verdict upon that and upon other issues, and subject to such changes as changing circumstances may require, and as to which I shall have something to say as I proceed, we accept the Liberal platform of Ottawa as the declaration of principles which we are bound to follow in our tariff reform.

It being Six o'clock, the Speaker left the Chair.

#### After Recess.

**The MINISTER OF FINANCE (Mr. Fielding).** Mr. Speaker, when you left the

Chair at six o'clock, I had just finished reading the Liberal platform adopted at the Ottawa convention, in which the party placed on record its desire for tariff reform. It has been a common complaint of our opponents that the policy of the Liberal party on the tariff and in the direction of tariff reform was a policy that was adverse to the interest of the manufacturing industries of the country. We have in times past protested against this view, and we still protest against it. We do not admit that a high protectionist tariff is necessary for the development of manufacturing industries in Canada. One would almost think from the manner in which this argument is so frequently used by our opponents that there were no manufacturing industries in Canada before the days of the National Policy. The fact, I think, is that while perhaps we had not so many large industries as we have to-day, we had on the whole a more healthy and satisfactory condition of manufacturing industry before the days of the high tariff than we have had since. That, Sir, I think has been the experience of many of the communities of Canada.

#### THE GROWTH OF MANUFACTURES.

It is true that we have changed our methods of dealing with manufacturers, and the change, I think, has not been for the better. We developed manufacturing in the good old days in the good old-fashioned way. An honest workman opened his modest shop in a growing town. He made the things which the community wanted. He made honest goods and earned a reputation for the articles he produced. He had the good sense not to attempt to make things not suited for the market and which, with his limited equipment and the small area of the market, could not be made to advantage. But he made the things which for the moment served the community, and as days rolled on the community grew and his shop grew with it. He enlarged the field of operations; his reputation for making honest goods at fair prices helped to build up his industry. By and by sons came to him and joined him in the factory, and their youth and energy enlarged the scope of its operations. The shop was enlarged; new machinery was intro-

duced; more help was added, and so, growing with the growth of the community, there were built up successful manufacturing industries in many parts of Canada. That was the development of manufactures in a legitimate way.

And now the times have changed. We have had another way of developing manufactures, and it will not be unprofitable for us if we look at what the results have been in many cases. The old fashion workman never dreamed of asking bonuses, exemptions, or favours or anything of that kind; he expected to pay his way like a man and to earn every cent he got. But now under the high tariff policy the first step in the direction of a new factory is to have the bonus hunter set out on his way. He expects to receive as a matter of course exemption from the taxation which every other citizen expects to pay as a matter of course. Not content with having an Act of Parliament to license him to charge high prices for his goods, he thinks the city, town or village must give him further help by way of a site for his factory or by some grant of that kind; and if perchance the people of the town shake their heads and do not think they should help him in that particular way, he will remind them that there are other towns quite ready to do so and he will intimate that if they do not grant the bonus, the rival town not far away will grant it. And so this system of protection, always selfish, always greedy, sets these two towns by the ears to bid against one another, to be rivals and jealous of each other, instead of cultivating those friendly relations which should exist. Then the factory is built in one town or the other. If it is fortunate enough to have a market for its products, if the business has not been overdone, undoubtedly for a short time this factory will prosper, and it will take advantage, I am sure, of the high tariff and charge the consumer every penny the law will permit. For a little while this will go on, and then we will reach the next stage of the protective movement; then we will reach the stage at which excessive competition comes, the competition which results from over-production at home. After a short struggle it will be discovered that this factory, heralded with such a flourish of trumpets, can no longer

find work for its people or a market for its goods ; so the factory closes up, and the workingmen in whose interest we were told the National Policy was framed may go abroad and find work as best they can. Has not that been the history of many a National Policy factory in Canada ?

Some hon. MEMBERS. Hear, hear.

Some hon. MEMBERS. No, no.

THE MINISTER OF FINANCE. Then we pass on and reach the next stage, which inevitably follows the stage of over-production. Then the big manufacturer comes in and buys up the little factory for a song. The stockholders, many of whom often are people of small means, have to suffer the loss of their investment, and the factory, after a sheriff's sale, passes into the hands of some wealthy manufacturer, who will be willing to pay therefor in order that he may control the market with the products of his larger factory. We have had that development, and all over Canada we have had complaints of that condition of affairs, which was referred to in the Liberal platform as the "development of monopolies, trusts and combines."

I submit that the development of the olden times, if it was slow, was a more wholesome development, and that there is a better chance for the development of manufacturing enterprises in the end under a moderate tariff than there is in the end under the high tariff policy. The big fish will eat up the little ones. Under the National Policy the small manufacturers were driven to the wall ; the large ones may hold on for a while, but even for them in most instances the end comes, because the whole business rests on an artificial basis. I say, therefore, that the manufacturing interests of Canada should not be misled by the cry that they are identified necessarily with the success of a high tariff policy, and I believe many a manufacturer has now made up his mind that it would be better for him if we had a very moderate revenue tariff than the artificial condition brought about by the National Policy.

#### LEGITIMATE PROTECTION.

Let us remember, Sir, that the protectionist had more than the advantage of the rate of duty imposed on the articles he

manufactured. Nature is to a certain extent a protectionist, because she has placed advantages in the way of the home manufacturer. In the first place, he has the advantage of what I may call convenience. It is more convenient to buy things at home than to send abroad for them, and, other things being equal, any one in Canada would prefer to buy them at home. Then he has the advantage which I will call the protection of transportation. It costs not only time but money to bring things from abroad, and when you consider freight, insurance and other expenditures connected with the handling of goods, that particular element affords a large measure of protection for the manufacturer of the country. There is another advantage, which I will describe as the protection of patriotism, a desire which ought to exist, and I hope if it does not exist now it soon will among the Canadian people, to encourage home industry in every legitimate manner. I do not forget that at several tariff hearings we were informed by gentlemen who came before us urging the retention of a high tariff, that one of the great difficulties under which they laboured was that the people of Canada would not buy Canadian goods, that the people of Canada had prejudices against Canadian goods and actually preferred to buy foreign articles. I hope, Sir, it is not true. I am unwilling to believe that it is true, but I give it to the House as I received it on the testimony of the protected manufacturers of this country who came before our tariff commission. Well, Sir, if that has been the result of the National Policy, I can hardly imagine a more severe arraignment of that policy. If after eighteen years of encouraging manufacturers by all the methods that were known to the ingenious Finance Ministers of the Conservative Government ; if after eighteen years of boasting that this was indeed the golden era of Canadian patriotism ; if we have to recognize it as a fact that the people of Canada to-day have no faith in Canadian goods and have a prejudice against them, and actually prefer the goods of foreign nations, then I say, it is a startling result of the National Policy. It is just possible that if the people could not be induced to buy Canadian goods under a high tariff policy, perhaps we may induce them to

buy Canadian goods under a policy which looks to moving in the direction of a lower tariff. I feel that we have every reason to hope that that would be the result of any changes that we are able to make. In other matters we have found in this House, that coercion failed where conciliation succeeded, and if you have not been able to make the Canadian people buy Canadian goods by Acts of Parliament designed to compel them, let us try some other way. Let us admit a little of the free air of competition into the manufacturing industries of our country. Let us make the manufacturers feel that they should sell their products to the people of Canada, not because there is a law on the statute-book to oblige the people to buy them, but because the articles themselves are good, and because they will stand on their merits irrespective of any National Policy.

I feel therefore, Sir, that we can say to the manufacturers of the country, that they have much to hope for from a reform of the tariff which will move in the direction of lower taxation. If upon these advantages to which I have referred, if you take the protection, as you may call it, the protection of convenience; if you take the protection of transportation which is considerable, and if you take that protection which I think the people ought to give—the protection of the patriotism which would make them desire to buy Canadian goods; and if on top of all that you put a moderate revenue tariff, in which nearly always there is a considerable measure of incidental protection, I say, that by all these means you have given the manufacturer of Canada a fair chance to live, and there is no reason why he should not live and prosper and flourish under such conditions.

#### CHANGES SHOULD BE MADE WITH CAUTION.

Now, Sir, the question arises as to how far we shall be able to apply at once, or at an early day, these principles of tariff reform which we have in the past declared we wished to carry out. We have heard it stated at times, that we should immediately undertake to bring in a radical free trade tariff. It is but fair to say that we generally hear that observation, not from free traders, not from friends of the Liberal

party, but from hon. gentlemen who sit on the other side of the House, who are not supposed to be free traders, and who are not supposed to be friends of the Liberal party. However, these gentlemen kindly undertake to tell us that in view of this, and the other thing, it is our duty to bring down at once a tariff based upon free trade.

No man who spoke in the name of the Liberal party of Canada ever announced that we were going at one step to adopt the principles of free trade to that extent. We do not find that in the old motherland, when they had to deal with the same question, they at once came down to the basis of the low taxation which they reached in later years. But, Sir, we have an opportunity of calling some witnesses on this point. I well remember that immediately after the last elections in 1896, the London "Times" in a very able article on this question, pointed out that it was unreasonable to suppose, and that nobody should suppose, that the result of the Canadian elections must of necessity lead to the immediate adoption of a free trade policy. After some observations on the subject, the "Times" spoke as follows:—

The present generation has grown up to manhood under protective system. The conditions of any other system are unknown, and Mr. Laurier's Administration will do much if, by cautious and tentative beginnings, it can bring about an intelligent reconsideration of much that has been taken for granted. If Mr. Laurier's accession to power means anything, it means that in so far as experiment is possible, the way will be prepared for a change in the fiscal system of Canada, when such a change shall have become demonstrably profitable to the community.

The "Times" is supposed to be a tolerably firm believer in the principles of English free trade as intelligently applied to any colonial condition. But I may quote another English writer who is even more marked as an exponent of free trade principles. I allude to Lord Farrer, whose free trade views will hardly be questioned by any one. In a recent pamphlet Lord Farrer says:

The colonies must, for some time at any rate, raise revenue by duties, and these duties can hardly fail to be, to some extent, protective.

Again, no reasonable free trader wishes to see a system of protection which has been in force for years, and under which industries of various kinds have grown up, abolished at a single blow. Such a step would be both unjust and unwise.

What free traders desire is a much more moderate and safer course.

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They wish to see the colonies abandon protection as a theory, and gradually reduce the most obnoxious of their present protective duties. This would probably, by increasing importation itself, increase revenue, and make further reductions possible. Gradually the colonies would thus approach, and ultimately attain, the state of things which obtains in the United Kingdom, without undue sacrifice of revenue, and without injustice to existing interests. But it is out of the question to do this except cautiously and by degrees, as indeed it was done in this country. This is what we may hope for under the new regime in Canada.

"VESTED RIGHTS."

These views have a practical bearing on the question of how far we may go in the direction of tariff reform. I have sometimes heard the expression used, that the manufacturers had vested rights in these matters. I wish to protest against such an expression. No manufacturer has any vested right under the National Policy. Every man who invested a dollar under the National Policy did so with his eyes wide open to certain important facts. He was well aware that from the beginning down to the end, the National Policy was condemned by one of the great political parties in Canada. He was well aware that every effort had to be put forth by governmental influence, and such influences as the manufacturers themselves are well aware of, in order to obtain from the public an apparent endorsement of that policy. I would be justified in saying that at no time from the beginning of this question to the present day, has there ever been a substantial majority of the people of Canada, looking at the question on its merits, who believed in the principle of high protection. Accidental circumstances doubtless brought about the election of a majority of members who supported that policy, but at all events I can say, that from the beginning of the discussion to the end, the Liberal party of Canada—always a great party, nearly always one-half the people, and in more recent days very much more than one-half the people—placed themselves upon record as condemning the principles of the National Policy.

Now, the manufacturers knew of this, and they must have known that when they put their money into these factories they were taking their risks. There was a speculative element in this whole National Policy business, and the men who play the game and gather in the winnings ought to be prepared,

when the turn of the tide comes, to pay the losses and try to look pleasant. Therefore, I say, if it suited the people of Canada, as represented by this Parliament and by this Government, to strike out of the fiscal policy of Canada to-day every vestige of protection, the protected interests would have no right to complain. They took their risk, and they should be prepared to abide the consequences. But, Sir, while that would be stern justice, fortunately there is no disposition on the part of this Government to destroy—

Some hon. MEMBERS. Hear, hear.

Mr. FOSTER. Scoundrels great and scoundrels small.

The MINISTER OF FINANCE. My hon. friends opposite are in such an amiable frame of mind that they venture to applaud before I have finished the sentence. They are very happy in being able to anticipate what we think. I say there is no disposition on the part of this Government to deal with the manufacturing and protected classes in that spirit, although I do submit that if it suited the view of the majority of the people of Canada to adopt a policy which would simply reverse the principle of protection and establish free trade, while it might be and would be a dangerous thing if done at once, so far as the protected interests are concerned they would have no right whatever to complain. But, Sir, we are dealing with more than the protected interests of the manufacturers. The evil of protection, like most other evils, is wide-reaching in its influences, and it has become so blended and interwoven with the business of Canada that if we should attempt to strike it down to-day, we should do harm not only to the protected interests, which have no claim upon us, but to other interests which are not directly connected with the protected interests. It would be folly not to remember that we are dealing not with the protected manufacturers only, but that the interests of labour have to be considered as well as the interests of capital. We have to remember that the trade of the country is so permeated by this system that, in the matter of banking alone, there are vast interests associated with this question. I hesitate not to say that if we should to-day, by some rash

step, do that which some hon. gentlemen say we are bound to do, but which intelligent men know we are not bound to do, and would not do, we would not only break down the manufacturing interests of the country, but we would deal a blow to other interests of a wider and more serious character.

Mr. FOSTER. Oh, come to the point—you make us tired.

Some hon. MEMBERS. Order, order.

Mr. McMILLAN. Do not let this moment of weakness put you into such a rage.

The MINISTER OF FINANCE. If I were quite clear as to what point my hon. friend wishes me to come to at once, I am not sure that I would not be pleased to gratify him. However, I wish to say, and to emphasize the fact, that it has never been the policy of the Liberal party, as declared by any member of the Liberal party occupying a responsible position, if they came into power, to destroy at one movement all the manufacturing industries, or to so change the policy as to place them in peril. We are willing to be tried by the policy of the Liberal party as plainly understood, but we are not willing to be tried by the Liberal policy as expounded by hon. gentlemen on the other side of the House.

#### TRADE RELATIONS WITH THE UNITED STATES.

Now, Sir, I have referred to-day to certain conditions which have altered, and I wish to speak briefly of these. The convention of the Liberal party was held in the city of Ottawa in the month of June, 1893. At that time we had every reason to believe that the people of the neighbouring republic had resolved to enter upon a more liberal trade policy. A few months before that date a presidential election had taken place in the United States, in which the issue of tariff reform was prominent; and whatever may be said of the matter in view of later events, in the light of that day it did seem clear that the people of the United States had resolved to enter upon a policy of tariff reform. The Democratic party, which had just entered upon power, were at that very time engaged in propounding their policy of tariff reform. We thought the moment was opportune for us to place on

record in the clearest and most emphatic way our desire, as representing a great party in Canada, to carry out a policy of tariff reform, and particularly to extend, if possible, our trade relations with the neighbouring republic, if they were disposed to reciprocate. There was more than the action of the Democratic party to encourage us in the belief that something could be done in that direction. Before that time the Republican party, who were in power, pledged as they were in the main to a high protective policy, had qualified their adhesion to protection by a declaration in favour of reciprocity treaties; and we had reason to believe, and did believe, that even with the Republican party in power it would have been possible to obtain a reciprocity treaty with the United States if steps had been taken in a proper way to secure such a treaty. However that may be, we were disposed to believe that the day was close at hand when more friendly relations would be established between the people of the great republic to the south of us and the people of Canada. Unhappily, Sir, the present indications are that the American people—if we may judge by the action of their House of Representatives—have changed their minds on that question. If we may take the expression of that House as being a fair exposition of the views of the American people, speaking not with reference to any particular article of the tariff, but speaking generally, the people of the United States appear now disposed to adhere to the policy of protection.

I believe that some of us in Canada make the mistake of imagining that our neighbours frame their tariff chiefly with reference to how Canada will act and what effect it will have on Canada. It may be very flattering to Canada to think that; but I rather think that they frame their tariff with reference to the world at large, and that a very moderate part of their attention is directed to what is taking place in Canada. Though I believe that some parts of the Dingley Bill were made to suit the interests of certain people who feared Canadian competition, I do not think we ought to assume that it is simply a measure of hostility towards the people of Canada. I think it only fair to mention that leading public men in the United States have intimated to men on this side of the line that while the Republican party feel bound to uphold the Dingley Bill,

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they do not of necessity mean to refuse to enter into improved trade relations with Canada. On the contrary, it has been urged that that is part of their policy, and they point to the fact that when the late Mr. Blaine was in power, though a high protectionist, he was disposed to negotiate reciprocity treaties with any countries which were disposed to deal with the United States. But while I think there is some ground for hoping for an improvement in our trade relations with the United States, we cannot but recognize the fact that the Dingley Bill, whatever the motive of it may have been, and I do not question the motive, will undoubtedly, if it becomes law—which seems highly probable, although I think it will be amended in some particulars—affect the trade relations between Canada and the United States to a very considerable degree. In view of that, we feel that we are justified in stopping to think what would be the effect of our policy if to-day, while on the eve of negotiations on the subject of reciprocity—if our American friends are willing to negotiate—we should, in advance of such negotiations, reduce our tariff down to low figures. I believe that there is nothing inconsistent with sound free trade principles in a Government endeavouring, in dealing with a neighbour, to hold in its hands whatever levers it may possess in the negotiations; and I say so to-day, not in the spirit of retaliation, because I say, Sir, that we ought not to retaliate upon the United States in the way some people advocate. There are men, well meaning men, in Canada—Liberals, some of them, let us admit—who say that we should meet the Dingley Bill on the principle of an eye for an eye, a tooth for a tooth, and a dollar for a dollar. Such is the demand of many men in Canada to-day, but we submit it would not be wise to adopt that policy. We submit that it is a wiser policy to wait and see what shall be the outcome of the present uncertainty in the United States in relation to their trade policy and of the negotiations which we are willing to enter into with respect to reciprocity. We submit that pending such negotiations and pending the settlement of the American tariff question and a clear understanding of what will be the effect which their policy may have upon the

affairs of Canada, it is the part of prudence that we should to-day hold our hands and not extend to that country the measure of tariff reform which we would be anxious to extend if they would meet us on liberal lines.

But there are those who say that if we do not care to deal with the tariff in its relations with the United States to-day, we ought not to disturb our existing tariff at all. I have heard it argued that what we should do is to let our own tariff stand as it is to-day. I cannot subscribe to that doctrine. The Liberal party has pledged itself to give tariff reform, and the country expects the Liberal party to fulfil that pledge. And if the events across the border have taken such a course as to justify us in withholding action in relation to our trade with that country, that is no reason why we should not proceed to deal with tariff reform in its relation to those countries which are prepared to deal with us. We are prepared to declare to this House and the world, that we will trade with those people, whoever they may be, who are willing to trade with us. We do it as individuals with our neighbours; we would buy from the neighbour who is willing to buy from us. What is a nation but a combination of many thousand individuals? And if an individual would be justified in dealing with the neighbour who wants to trade with him, why should not the nation be justified in adopting the same principle? We recognize the fact that if the Dingley Bill becomes law, it will have some effect on our trade. We do not complain of it; we have no right to complain of it. The American people have an undoubted right to frame their tariff policy with a single eye to their own interests, and we must recognize that without murmur; but they are an intelligent people, and intelligent enough to recognize the fact that if they have the right to frame their policy with a single eye to their own interests, we have the right to frame our policy with a single eye to what we believe to be our interests. Therefore, while we say to our American brethren that we will not yield to this spirit of retaliation which is in the air, and for which there is, perhaps, very considerable justification, while we are not willing to put up the barbed wire fence which already

exists three or four strands higher, there is no particular reason why we should take it down to-day.

#### A DOUBLE TARIFF.

This leads to the conclusion that we must be prepared to deal with this question from the point of view of having one tariff for the countries which are willing to trade with us and a different tariff for the countries which are not. So far as our tariff has relation to those countries which have no particular desire to trade with us, we recognize that there are in it some items of sufficient importance to justify us in making reductions, not to please foreign countries, but to please ourselves. There are things which we want to buy from foreign countries, and our desire to obtain these things on fair and reasonable terms is paramount to every other consideration in dealing with the tariff question. But with the exception of these articles, to which I shall refer as I proceed, I have to tell the House that it is not the intention of the Government—speaking of the question generally, and not with reference to any particular article—to propose any great reduction in the tariff as applied to those countries which are not disposed to trade with us. We propose, therefore, to have a general tariff, and that general tariff will be, to a large extent, the tariff of to-day—but the tariff of to-day freed from some of its enormities, freed from some of the injustices of which the people complain, freed from many of the specific duties, freed from the conflicts, annoyances and irritation which have created war between the importer and the customs authorities—the tariff of to-day, in one sense, but not the tariff of to-day exactly, for if you remove from it all the evils I speak of, it is certainly not the tariff which hon. gentlemen oppose favour. We propose to adopt a general tariff, and then we propose to adopt a special tariff having reference to the countries which are desirous of trading with us; and as a matter of course, not by the express words of the resolution, but by the condition of affairs which exists, that preferential tariff gives preference, above all others, to the products of Great Britain.

Now, Mr. Speaker, having thus stated the guiding principles in the matter, I propose

to invite your attention to the general tariff; and in doing so, I wish it to be distinctly understood that, as I have already explained, the duties are considerably higher than we intend they shall be, as applied to countries which are willing to trade with us. And if, as I read the items, hon. gentlemen think that the rate upon any of them is too high, I beg them to believe that before I close I shall have something to say which will show that in respect of our relations with Great Britain and in respect of our relations with any other country that is willing to meet us on equal terms, we shall be prepared to offer a measure of tariff reform of the most substantial character which is not contained in this tariff which I am about to read. With these observations I now beg to invite your attention to the rates of duty in the general tariff.

Sir CHARLES TUPPER. May I take the liberty of asking my hon. friend (Mr. Fielding) if he will kindly repeat the last sentence.

The MINISTER OF FINANCE. I am afraid I have almost forgotten it myself. If the hon. gentleman (Sir Charles Tupper) would state the point—

Sir CHARLES TUPPER. The point was as to the mode in which the hon. gentleman intended to have the tariff, which, I understand, he is about to state to the House modified by some subsequent—

#### THE GENERAL TARIFF.

The MINISTER OF FINANCE. I thank the hon. gentleman for reminding me. I stated that the tariff that I am about to read to you is the general tariff, but that before I conclude, I shall be prepared to make a statement in relation to a special tariff that will apply to Great Britain and any other country which is prepared to accept the conditions that that tariff imposes. Let me say, Sir, that the classification of goods that we have in this tariff does not materially differ from the form of the tariff which is now in force, that is to say, where the late Government gathered goods into one class for convenience, we have thought it well, generally speaking, to follow that method of grouping. There is an advantage perhaps, and perhaps some disadvantage also, in having a very elaborate tariff. Un-

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doubtedly, if one were beginning from the beginning, he would make a tariff that would be much simpler than the present one. As one of our newspaper writers very happily said, a man who undertakes to remodel a house will not find it so easy and satisfactory a job as if he had the opportunity to build from the foundation. We have to adapt ourselves to our conditions. I think it would be an advantage in one way to have fewer items in the tariff. But the evil of multiplicity of items is not so great if you can avoid a multiplicity of rates; and we hope that on investigation of our tariff it will appear that we have, to a certain extent, removed this difficulty by gathering a number of items of a like character and bringing them under one rate. Probably there is room for improvement in this direction, but we hope something has been done to make the tariff more convenient and more simple. The first item is:

Ale, beer and porter, when imported in casks or otherwise than in bottles, 16 cents per gallon.

The duty on this remains unchanged. And I think I should say that, if I am not to weary the House with details, I will only mention those duties that have been changed. There are no changes until we come to the duty on spirits, which are increased by 15 cents a gallon—I would remind hon. members that I am dealing with the customs duties now.

Mr. FOSTER. The hon. gentleman will have to read the items to get them in "Hansard."

#### THE MINISTER OF FINANCE—

Ale, beer and porter, when imported in bottles (six quart, or 12 pint bottles to be held to contain one gallon), 24 cents per gallon.

Cider, not clarified or refined, five cents per gallon.

Cider, clarified or refined, 10 cents per gallon.

Lime juice and fruit juices, fortified with or containing not more than twenty-five per cent of proof spirits, 60 cents per gallon; and when containing more than 25 per cent of proof spirits, \$2 per gallon.

Mr. MONTAGUE. Where there are changes I take it the hon. gentleman (Mr. Fielding) will mention the fact.

THE MINISTER OF FINANCE. There is an increase in the spirit duties all along the line of 15 cents per gallon.

Mr. MONTAGUE. I spoke generally to suggest that the hon. gentleman should mention when changes occur.

THE MINISTER OF FINANCE. Very good. I am in the judgment of the House, but it seems to me that if I am to read all the items, even when no changes occur—

Mr. FOSTER. The hon. gentleman might mention the item by number and tell whether there is a change or not. Has the hon. gentleman the numbers there, as in the present tariff?

THE MINISTER OF FINANCE. Not exactly; the numbers will not quite correspond, and in some cases the hon. gentleman (Mr. Foster) would not get much help from the reading of the number.

Lime juice and other fruit syrups and fruit juices, n.o.p., 20 per cent ad valorem. Spirituous or alcoholic liquors distilled from any material, or containing or compounded from or with distilled spirits of any kind or any mixture thereof with water—

The item reads substantially as in the present tariff, and the duty is \$2.40 per gallon, instead of \$2.25 as at present.

Spirits and strong waters of any kind, section B of this item, \$2.40 per gallon and 30 per cent instead of \$2.25 and 30 per cent.

Alcoholic perfumes remain the same, 50 per cent when in bottles or flasks, containing not more than four oz., and when in bottles and flasks containing more than four oz., \$2.40 per gallon and 40 per cent, instead of \$2.25 per gallon and 40 per cent as at present.

Nitrous ether, sweet spirits of nitre and aromatic spirits of ammonia, \$2.40 per gallon and 30 per cent, instead of \$2.25 per gallon and 30 per cent, as at present.

Vermouth containing not more than 30 per cent, and ginger wine containing not more than 26 per cent of proof spirits, 90 cents per gallon, instead of 80 cents per gallon, and if containing more than these percentages, \$2.40 per gallon, instead of \$2.25.

Medicines or medicated wines containing not more than 40 per cent of proof spirits, \$1.50 per gallon.

Mr. FOSTER. Is that a new item?

THE MINISTER OF FINANCE. Yes.

Wines of all kinds except sparkling wines, &c., remain the same as at present.

Champagne and wines generally remain unchanged.

Mr. FOSTER. Tax the poor man's whisky.

The MINISTER OF FINANCE. My hon. friend's sympathy for the poor man on account of his whisky is, of course, exceedingly interesting. The next section relates to animals, agricultural and animal products. This class of products are imported largely from the United States, and we think that pending negotiations for free trade relations with that country, we should leave these items largely unchanged. There are, however, a few exceptions to that.

In the case of corn, we place it on the free list, except for the purpose of distillers.

Flour is reduced from 75 cents to 60 cents per barrel, and wheat from 15 cents per bushel to 12 cents per bushel.

Corn meal, 25 cents per barrel instead of 40 cents. We propose to abolish the regulation which permits the grinding of corn in bond for so-called human food. That system has been the cause of very considerable complaint. It has been represented to us that it is almost impossible for gentlemen engaged in the milling industry to subscribe to the affidavit which they are required to take in order to obtain the necessary rebate. By the law as they now stand, they are supposed to pay duty on the corn, and then, upon evidence, or upon affidavit, that they ground the corn for use as human food, they are entitled to have a rebate of 99 per cent of their duty. It is alleged that when a miller has sold corn meal for human food, he is not in a position to follow it through the country and guarantee that it is always used for human food. The same thing has occurred with regard to seed corn. Seed corn was admitted free, and it is alleged that that privilege has also been abused. We simplify the matter by putting corn on the free list, except in the case of corn for the purpose of distillation which, under regulations to be made by the Government, is still to pay the same duty of  $7\frac{1}{2}$  cents. There is also one other item in that large class to which I ought to refer. At present the duty on uncleared rice is three-tenths of a cent per pound, and  $1\frac{1}{4}$  cents per pound on cleared rice. It is the duty on the cleaned rice which affects the price in Canada; our

people do not eat uncleared rice. We make no change in the duty on the cleaned rice, but we do make a change in the duty on the raw material. We say that instead of receiving the raw material at three-tenths of a cent, they should pay  $\frac{3}{4}$  of a cent. The fact is that while the duty on cleaned rice remains the same, although the price will not be increased to the consumer, the manufacturer will have to pay a larger price for his raw material, and that increase will go into the public treasury.

Mr. FOSTER. But you do not cheapen the food.

The MINISTER OF FINANCE. Well, we cheapen a good many things in this tariff, but we have to have a little regard for the revenue in order to meet the obligations of my predecessor. We pass on to the class of articles known as fish and fish products; and as these remain substantially the same, I will not detain the House by reading them.

Illuminating oil, brings us to the item of coal oil. There is no item in the tariff which has been more discussed in the House. I think there is a very strong desire in the House to have a very considerable reduction made in this item, and it has been our desire to grant a reduction. We are free to say that in view of the representations made that we are not disposed, or do not feel warranted in going in that direction so far as we would like to do. We reduce the duty on coal oil one cent. Crude petroleum for fuel which is now 3 cents will be  $2\frac{1}{2}$  cents. Barrels containing petroleum remain at the same rate 20 per cent. We propose to make another change, which is especially sought by the trade, and that is to abolish the restrictions that now exist in regard to sale from tank vessels. If the trade desire to use tank vessels, there is no reason why dealers should not be permitted to do so. Lubricating oils remain unchanged, at 20 per cent. Olive oil, now 30 per cent, is reduced to 20 per cent.

In regard to bituminous coal, we do not propose at this stage of the tariff measure to make any reductions in the duties on coal. Reference was made some time ago in this House to certain observations I made in Montreal in replying to a deputation representing the coal interest. It was regarded by many hon. members in this

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House sitting opposite as an exceptional  
course to adopt that I should, in anticipa-  
tion of the Budget, make a statement on  
that subject, not exactly a statement per-  
haps as to the amount of duty to be im-  
posed, but a statement sufficiently plain to  
indicate the lines on which we would pro-  
ceed. I do not require to enter fully into  
the circumstances under which I made that  
statement. I quite realized at the moment  
that I must submit to some misunderstanding  
prevailing as to my action, but we feel  
assured that the wisdom of the policy pur-  
sued by the Government will be in due  
course vindicated before the House. I be-  
lieve it was in the interest of all concerned  
that certain doubts and misunderstandings  
which existed at Washington in regard to  
the position of Canada on the coal question  
should be removed.

An hon. MEMBER. Particularly Mr.  
Whitney.

The MINISTER OF FINANCE. I be-  
lieve that statement served a useful pur-  
pose in removing doubts and misunder-  
standings.

Sir CHARLES TUPPER. In Nova Scotia.

The MINISTER OF FINANCE. I must  
say that I am surprised the hon. leader of  
the Opposition should have the courage to  
mention Nova Scotia. I was disposed to be  
exceedingly good, nice and gracious in the  
matter, and never mention the words. Now  
that the hon. gentleman has called attention  
to the subject, I suppose it will be in order  
to say that something happened in Nova  
Scotia two or three days ago. The hon.  
gentleman is not so proud of Nova Scotia  
as he used to be in the old days. But so  
far as the interruption imputes that my re-  
marks in Montreal were made with any re-  
gard to Nova Scotia elections, or after any  
communication had with the Nova Scotia  
Government, I have already stated, and if  
it is important I will repeat it, that there  
is no foundation whatever for any state-  
ment of that kind. However that may be,  
I believe and the Government believe that  
a good purpose was served not only as re-  
gards the interests of Nova Scotia but in  
regard to all interests by having that state-  
ment made in Montreal in anticipation of  
the Budget speech.

Sir CHARLES TUPPER. And the Nova  
Scotia elections, which had been postponed  
for the purpose.

The MINISTER OF FINANCE. The  
Nova Scotia elections, we are told by the  
hon. gentleman were postponed for a pur-  
pose. I do not know the source of his in-  
formation. I think the hon. gentleman does  
not know the people of Nova Scotia so well  
as he imagines he does; but one thing is  
certain, that Nova Scotia knows a good deal  
about the hon. gentleman, and voted accord-  
ingly. I was about to say, Sir, that the pur-  
pose for which my statement was made  
was a purpose having in view the best in-  
terests of the Dominion, as time will show.  
I believe that American public men are  
at this moment reconsidering their action in  
regard to the duty on coal, and whatever  
they may do in relation to their general  
policy, there is reasonable probability that  
they will reconsider their action on this  
point. I have strong hope, amounting to  
expectation, that in the end they will re-  
duce the duty proposed in the Dingley Bill  
to 40 cents per ton, which is the duty in  
the American tariff to-day. I stated in  
Montreal, and I repeat now, that it is the  
desire of the Government to reduce the  
duty on coal. I stated at that time that if  
the American Government would leave the  
duty at 40 cents per ton, instead of increas-  
ing it to 75 cents as proposed in the Ding-  
ley Bill, our Government were prepared to  
meet them on that line and reduce our duty  
to meet their duty. I repeat that state-  
ment now. I have strong hopes that the  
Americans will eventually settle their duty  
at 40 cents per ton. If placed at 40 cents,  
I undertake to move that our duty  
be made 40 cents per ton, and I have strong  
expectations that this will be the end of  
the matter. But I think in the interest of  
the coal trade of the Dominion we should  
not act to-day on the assumption that the  
change will be made, and so, having clearly  
and distinctly stated that we are ready to  
reduce our duty to 40 cents if the American  
duty remains at that figure, we propose to  
defer action and see what they are going  
to do about it. I quite realize the possibility  
that the Americans will not be in a position  
to deal with the question, or at all events  
may not deal with it, before our tariff Bill  
goes through the House. If that should

prove to be the fact, we would be prepared to come down to the House and make a further statement in relation to the coal duties.

MR. HUGHES. I should like to ask why, on the same principle, the hon. gentleman does not maintain the duty on corn, so as to hold it as a set-off later to balance the duty on barley?

THE MINISTER OF FINANCE. I cannot argue that question; there is good and sufficient reason for pursuing a different policy.

MR. WALLACE. I understood the Minister of Finance to announce that he proposed to reduce the duty on olive oil from 30 per cent to 20 per cent. A large quantity of it, however, is at present free.

MR. FOSTER. The item at present reads 30 per cent for olive oil prepared for salad purposes, all other olive oil is free. Is the same wording used in regard to the proposed duty of 20 per cent.

THE CONTROLLER OF CUSTOMS (MR. Paterson). The item is n.e.s. 20 per cent instead of 30.

MR. FOSTER. If my hon. friend reads it that way he will add 20 per cent to the duty because olive oil n.e.s. is free.

THE MINISTER OF FINANCE. I think my hon. friend is mistaken because such is not our intention. It has been represented to us with regard to cement that the barrels of cement are not always equal in weight, and that it is better to have the duty at so much per hundred pounds. We have therefore placed the duty at 12½ cents per 100 pounds.

My hon. friend the Controller of Customs has offered to read for me, and if the House has no objection he will do so.

MR. FOSTER. None at all.

SIR CHARLES TUPPER. Before the hon. gentleman's colleague takes up the consideration of these items, would he allow me to ask him, whether I understand, that in case the American tariff should be retained at 75 cents on coal as passed by the House of Representatives, that the hon. the Finance Minister intends to carry out his declaration at Montreal, not only to retain the present duty of 60 cents on bituminous

coal but to impose a duty on anthracite as well.

THE MINISTER OF FINANCE. My hon. friend (Sir Charles Tupper) has possibly not correctly understood the declaration at Montreal. However, without debating that, I will answer his question: that under these circumstances it would be the intention of the Government to carry out my declaration at Montreal.

SIR CHARLES TUPPER. And impose a duty on anthracite coal.

THE MINISTER OF FINANCE. And impose a duty on anthracite coal.

THE CONTROLLER OF CUSTOMS. At the request of my hon. friend I will continue reading.

MR. McNEILL. Before the hon. gentleman passes away from these items would he kindly say what the 12½ cents per 100 pounds on cement would amount to on a barrel?

THE CONTROLLER OF CUSTOMS. The barrels vary in weight and if a barrel contained 325 pounds it would be something about 40 cents. The hon. gentleman can figure that out for himself.

MR. McNEILL. The hon. the Controller knows there has been considerable dispute about the barrels.

THE CONTROLLER OF CUSTOMS. In the new item it is provided that whether the cement comes in bags or in barrels, the packages shall be included in the weight for duty.

With regard to the iron duties, I regret that my hon. friend—who you can imagine has had a very great deal of work lately, and whose strength has almost given out to-night—is not able to explain these changes as he would have done it much better than I can. But, in short, I may say that the policy of the Government is this. They have felt that pig-iron, wrought-iron and scrap-iron, being the base of so many important manufactures in the country, it was desirable, in the interest not only of the manufacturers, but of the consuming public, that there should be some reduction in the duties. Though iron comes from our friends across the border, we have made the reductions in our own interest, and not to pro-

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mote any interest of theirs. While we have thought that our duty as a Government and as prudent business men, required us to lower those duties which will give relief from a heavy burden to many of our manufacturers, at the same time, in order that the industries engaged in the business of manufacturing iron may be enabled to go on, we offer them, not what they had before, but we propose in a measure to compensate for the withdrawal of the share of protection involved in the high duties, by giving them somewhat larger bounties than they had before.

Some hon. MEMBERS. Hear, hear.

The CONTROLLER OF CUSTOMS. Hon. gentlemen are somewhat amused at that, but I cannot help that. I have simply told you the truth.

We combine items 286 and 227 the first of which was at 22½ per cent and the other at 30 per cent, and make a uniform duty of 30 per cent. This includes builder's hardware, cabinet makers, upholsterers, carriage hardware, including butts, hinges, locks, curry combs or curry cards, horse boots, harness and saddlery, n.e.s. This is one of those items several of which we have arranged, that will make the work at the Custom-house very much simpler than it has hitherto been, and I trust will remove a great deal of friction that has existed among so many varied and different rates on articles which might be interpreted by one custom's appraiser to come under one head, and by another to come under another head.

Item 277 of the old tariff bore a duty of 25 per cent ad valorem, while item 345 bore 35 per cent. I may say that many of the articles enumerated in this list caused great difficulty in the matter of appraising and it has been represented that different appraisements took place at different ports, which, any gentleman can understand is a most undesirable thing. We think we are warranted in combining those two classes which the judgment of the House heretofore thought should be divided, one bearing 25 per cent and the other 35 per cent duties. We combine them to effect the great purpose we have and we make a uniform duty of 30 per cent. This item includes, gener-

ally, cutlery, including carver knives, and forks of steel, butcher and table steels, oyster, bread, kitchen, cook's, butchers, shoe, farrier, putty, hacking, and glazier's knives, cigar knives, spatulas, or palette knives, razors, erasers or office knives, pen, pocket, pruning, sportsman and hunter's knives, manicure files, scissors, trimmer's, barber's, tailor's, and lamp-shears, horse, and toilet clippers, and all like cutlery, plated or not, n.o.p. For additional simplification we provide that if any of the articles are imported in cases or cabinet, the cases or cabinets shall be dutiable at the same rate as their contents. In many cases it was found that a merchant would pay one rate of duty on what was in the case and another rate of duty on the case itself. We thought it better to have a uniform rate of 30 per cent.

In item 283 there is a considerable reduction. It comprises axes, scythes, sickles, reaping hooks, hay and straw knives, hoes, wringers, forks, post diggers and other agricultural implements. These are implements used upon the farm, and have been hitherto at 35 per cent; we have reduced them to 25 per cent. Item 357 was electric light carbons, or carbon points of all kinds, the duty on which was 2·50 specific per 1,000; we have abolished this specific duty and established an ad valorem duty of 35 per cent. Then we have an item which might be considered a new item. There are some very large carbons that are being used now by miners and others, and there is a very important industry, having a rapid development, in our country. It was difficult under the old tariff to determine what the rate of duty should be. I think they have come largely into use since the tariff was framed. Recognizing that, therefore, we have taken them from the list of electric light carbons, and on all carbons over six inches in circumference, and with a view to the use which is made of them, we have reduced the duty 15 per cent ad valorem.

We combine tariff items 401 and 402, which reads "cotton fabrics, white or gray, bleached or unbleached." Item 401 under the old law was dutiable at 22½ per cent and item 402 was 25 per cent, and we make them both dutiable at 25 per cent.

Mr. MILLS. Hear, hear, legalized robbery.

**The CONTROLLER OF CUSTOMS.** Mr. Speaker, I take the cheers of hon. gentlemen opposite as an indication that I read that item in a sufficiently loud tone to be heard by them. It is perhaps well to bear in mind what effect will be had upon that article when another schedule is brought before the attention of hon. gentlemen opposite, and which I suppose they will be delighted to hear read after the cheers which they have given. Here is item 403. I may as well prepare the hon. gentlemen opposite to be ready for another cheer. This item reads cotton fabrics, printed, dyed or coloured, which under the old tariff was 30 per cent, is now 35 per cent.

Some hon. MEMBERS. Hear, hear.

**The CONTROLLER OF CUSTOMS.** Hon. gentlemen opposite will also bear in mind that a future announcement will have an important bearing on that article.

Items 424 and 425, which were dutiable at 25 per cent, are now made uniform and put at 30 per cent ad valorem.

**Mr. FOSTER.** That is an increase.

**The CONTROLLER OF CUSTOMS.** Yes, but we must have revenue from something, and we are trying to get it in as fair a way as we can in the interests of the country. Tariff items in the old tariff 414 and 408 are combined. One was 30 per cent ad valorem and the other 32½ per cent ad valorem, and we make them both 35 per cent ad valorem. I might explain, as the hon. gentleman will readily see, that this has been done as in many other cases, for the purpose of simplifying the tariff very much, and regard is also had to the fact that they are articles upon which it was thought, taking them generally, they might bear a duty.

Item 413, jeans, sateens and coutilles, was 25 per cent, and is now 30 per cent. Items 404 and 405 have been combined. They were under specific and ad valorem duties, which were very high, and which would run probably up to 50 or 60 per cent, and we have reduced them to an ad valorem basis. We have given them the highest rate of duty, I think, that we maintain in the tariff, and we have them at a uniform rate of 35 per cent ad valorem.

The next item to which I invite the attention of hon. members is the old tariff

item 437: "Yarns, composed wholly or in part of wool, worsted, the hair of the alpaca, goat or other like animal, costing 20 cents per pound and under, 5 cents per pound and 20 per cent ad valorem." We have for reasons which we thought good and in the interest of the country reduced that duty to 15 per cent ad valorem. I suppose the combined duties before would probably amount to over 30 per cent. The reasons for this change will no doubt be given when the item comes up for discussion. I think, however, that this is a reduction in which a very large number of manufacturers in this country are concerned; and if there are some whose interests are different, we have placed in the free list an article on which I think they will receive some compensating advantages for this reduction, which I frankly admit is a large cut, but which has been made in the interest both of the manufacturers of the country and the consuming public.

**The MINISTER OF FINANCE.** I have to express my thanks to my hon. colleague (Mr. Paterson) for having so kindly relieved me and to the House for having permitted him to continue the reading of the tariff, and thus relieve me from what would otherwise have been a very great burden, and I shall take up the list where my hon. friend left off.

In item 420, of the old tariff which relates to binder twine I have an announcement to make which, I am sure, will be received with satisfaction by the House. We propose that binder twine, which is now 12½ per cent shall be immediately reduced to 10 per cent.

Some hon. MEMBERS. Oh, oh.

**The MINISTER OF FINANCE.** My hon. friends had better not laugh too quickly; he laughs best who laughs last. The duty on binder twine is reduced from 12½ per cent to 10 per cent at once, and dating from the 1st of January, 1898, binder twine shall be on the free list, and all the articles entering into the manufacture of binder twine shall also be placed on the free list for the purposes of manufacturing.

I come now to the items of sugars, syrups, and molasses, and in that connection I may associate tea. In dealing with a large class of the items to which I referred in a general way. I made no mention of tea.

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There is a 10 per cent discrimination in tea with regard to importations not being direct. That 10 per cent remains. I know there has been a popular idea that the Government would have to impose a duty on tea. Well, I have the pleasure of announcing that we do not propose to do so.

With regard to sugar, I find also that the same general idea prevails in the minds of certain people, who know all about the Government's policy, that there was to be a high duty on sugar. The duty on raw sugar now, used for refining purposes, is  $\frac{1}{2}$  cent per pound, and on the refined it is \$1.14 per 100 pounds, the difference being 64 cents per 100 pounds. We propose that the duty on raw sugar shall remain as it is to-day because the revenue is derived from raw sugar. That means that we shall get the same amount of revenue. But the price to the consumer is regulated by the duty on the refined article, and that is to-day \$1.14 for 100 pounds. We propose to reduce that to \$1 per 100 pounds, so that the duty shall hereafter stand at 50 cents per 100 pounds for the raw sugar and 50 cents additional for the protection, if you care to use that word, to the refiner, as against 64 cents in the present tariff. By this step we do not take a dollar from the public revenue, but we give to the people cheaper sugar to the extent of \$400,000 per annum. The duty on glucose or grape sugar, item 393 of the old tariff, is now  $1\frac{1}{4}$  cents per pound. Representations were made to us that satisfied us that that duty was an excessive one. We propose to reduce the duty on glucose to  $\frac{1}{4}$  cents per pound. It may be mentioned that the manufacturer of glucose will get some compensation in the form of free corn. The duty on sugar candy, now  $\frac{1}{2}$  cent per pound and 35 per cent ad valorem, we propose to make 35 per cent ad valorem. Item 463 of the present tariff, cigars and cigarettes, the weight of cigarettes to include the weight of the paper covering has now a duty of \$2 per pound and 25 per cent ad valorem. We increase the rate of duty on cigarettes to \$3 per pound and 25 per cent ad valorem. The duty on cut tobacco, item 464 of the old tariff, is 45 cents per pound and 12½ per cent ad valorem. We increase that duty to 50 cents per pound with 12½ per cent, an increase of 5 cents a pound. Manufactured

tobacco, n.e.s., and snuff, item 465 of the old tariff, the old duty is 35 cents per pound and 12½ per cent. We make it 45 cents and 12½ per cent.

Mr. FOSTER. What increase does the hon. Minister expect to get from that change?

The MINISTER OF FINANCE. I shall be glad to present to the hon. gentleman in a little while a general statement of expected revenue, so I trust he will excuse me if I do not mention that item now. I shall not detain the House by giving the free list. It will be enough to say, in general terms, that we do not make any material change, except for the purpose of placing certain things on the free list to which reference has been made. Speaking generally, and subject to correction, the free list remains the same. Unenumerated articles, as in the present tariff, will stand at 20 per cent.

Mr. TAYLOR. I would ask the hon. gentleman what he has done with item 320 of the old tariff: "Corset clasps, spoon clasps, or busks," &c.?

The MINISTER OF FINANCE. I think my hon. friend will find that is included with others.

The CONTROLLER OF CUSTOMS (Mr. Paterson). Items 320 and 321 were cut out altogether. The articles named in them will take their rating among the different classes of goods to which they belong.

The MINISTER OF FINANCE. The usual provisions are made with regard to classes of prohibited goods. I am sure the House will be glad to have me deal with the question put to me at an earlier stage by the hon. leader of the Opposition as to the method by which we propose to establish a different tariff for those countries that are disposed to deal with us.

Mr. WOOD (Hamilton). Would the hon. Finance Minister say if he leaves the free list exactly as it is now?

The MINISTER OF FINANCE. Not exactly.

Mr. WOOD (Hamilton). There are certain items on the free list providing that where goods are imported by manufacturers they shall come in free; but if imported by a

merchant to sell to a manufacturer duty must be paid. I think this is class legislation that should not be allowed to exist in any country. The smaller manufacturer is placed at a disadvantage—

Some hon. MEMBERS. Order.

Mr. WOOD (Hamilton). If I am not in order, I will not continue. The small manufacturer who is not able to import these goods may buy them from a merchant who imports them, and so he has to pay the duty, while the large manufacturer who can afford to import the goods in large quantities—

Mr. DEPUTY SPEAKER. I think the hon. gentleman is out of order.

Mr. WOOD (Hamilton). I am simply putting a question in shape for the hon. Minister to give an answer—

Some hon. MEMBERS. Chair, chair.

Mr. WOOD (Hamilton). The large manufacturer can import these goods free while the smaller manufacturer must pay the duty.

Mr. DEPUTY SPEAKER. Order.

Mr. WOOD (Hamilton). I asked the hon. Minister if he would answer the question, and he said that he would.

The MINISTER OF FINANCE. I sympathize to a considerable extent with the feeling of the hon. gentleman as to the embarrassment that arises from having a duty so arranged that an article comes in at one rate for one purpose and at another rate, or perhaps free, for another purpose. I will only say that I think in some cases it will be found we have removed these anomalies; but I frankly confess that a number of them remain as we did not find ourselves with sufficient time to deal with them as we would desire. A time when we are reducing the duty on manufactured goods, and thus, perhaps, giving the manufacturer much anxiety, is not the best time to take away from him any privileges he had in the way of concessions on his raw material. So we are disposed to allow these things to remain at present, though I confess I do not like them any better than my hon. friend (Mr. Wood, Hamilton) does.

Mr. DUGAS. Did I understand the hon. Minister to say there was a duty on raw leaf tobacco?

#### THE RECIPROCAL TARIFF.

The MINISTER OF FINANCE. I think that, so far, no mention has been made of that, but I may have occasion to mention it before I sit down. I propose now to read one of a series of resolutions dealing with the particular subject of the reciprocal tariff. Of course a number of the resolutions are of a purely formal character, and I shall not detain the House with them; but one or two are of special importance, and one is of paramount importance, as follows:—

That when the customs tariff of any country admits the products of Canada on terms which, on the whole, are as favourable to Canada as the terms of the reciprocal tariff, herein referred to, are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct therefrom may then be imported direct into Canada or taken out of warehouse for consumption therein at the reduced rates of duty provided in the reciprocal tariff set forth in Schedule "D."

That any question that may arise as to the countries entitled to the benefits of the reciprocal tariff shall be decided by the Controller of Customs, subject to the authority of the Governor General in Council.

That the Controller of Customs may make such regulations as are necessary for carrying out the intentions of the two preceding sections.

We propose to mention the articles on which we do not intend to grant the special concession, and that all the other articles, not being so enumerated, shall be entitled to the benefit of that concession. Our proposal is that as respects all the articles not excepted in the way I have just mentioned, there shall be a reduction, not all at once, but in two steps, one part of the reduction taking effect instantly, and the second part taking effect a year later; and with these two steps we propose there shall be a reduction of one-fourth as respects the duties upon all articles imported from Great Britain, or from any other country which will deal favourably with us.

Sir CHARLES TUPPER. From the statement of the hon. gentleman, I do not quite understand what he means by "dealing favourably with us." It appears to me very important that we should understand what the hon. gentleman means.

The MINISTER OF FINANCE. Perhaps the resolution which I had the privilege of reading my hon. friend did not catch as fully as I desired. It reads as follows:—

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CE. I think been made of to mention it now to read dealing with reciprocal tariff. resolutions are, and I shall them; but one, and one follows:—

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That when the Customs tariff of any country admits the products of Canada on terms which, on the whole,—

I wish to emphasize that, because we may find that they admit our products at one point on favourable terms and that at another point on terms which we may regard as unfavourable. They might admit one article at a fair rate, and some other article at a high rate. Therefore we want to average the thing and say that if their tariff is favourable to us on the whole, then we propose to regard them as coming under this privilege.

—are as favourable to Canada as the terms of the reciprocal tariff, herein referred to, are to the countries to which it may apply, articles which are the growth, produce, or manufacture of such country, when imported direct from thence, may then be imported direct into Canada, or taken out of warehouse for consumption therein at the reduced rates of duty provided in the reciprocal tariff set forth in Schedule "D."

I hope I have answered my hon. friend.

Sir CHARLES TUPPER. I suppose it is owing to my obtuseness, but I do not yet understand the hon. gentleman. As I understand him, suppose a country receives the products of Canada upon the same terms as it receives the products of the United States and Germany, is that country regarded as receiving the products of Canada upon the same favourable terms as the reduction that the hon. gentleman proposes will be extended to it?

The MINISTER OF FINANCE. The question will be whether, on the whole, the terms are as favourable as we ourselves offer in our reciprocal tariff. Now, I beg, with your permission, to read the terms of schedule "D" referred to in the enacting clause:

On all the products of countries entitled to the benefits of this reciprocal tariff under the provisions of section—

Left blank. The number will have to be filled in corresponding to section 15:

—the duties mentioned in Schedule "A" shall be reduced as follows:—On and after the 23rd day of April, 1897, and until the 30th day of June, 1898, inclusive, the reduction shall, in every case be one-eighth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall be seven-eighths of the duty mentioned in Schedule "A." On and after the 1st of July, 1898, the reduction shall, in every case be one-fourth of the duty mentioned in Schedule "A," and the duty to be levied, collected and paid shall be three-quarters of the duty mentioned in Schedule "A"; pro-

vided, however, that these reductions shall not apply to any of the following articles, but such articles shall in all cases be subject to the duties mentioned in Schedule "A," namely; ales, beers, wines and liquors; sugar, molasses and syrups of all kinds, the product of the sugar cane or beet root; tobacco, cigars and cigarettes.

These are items which are large producers of revenue, and we think it is not desirable that there should be two rates of duty as respects these articles. With the exception of these articles mentioned, and they are very few, this preferential rate will apply to all the products of Great Britain and to all the products of any other country which is willing to put itself on the same terms as Great Britain, or on terms which will be regarded by the Government of Canada as coming within the privilege designed by this resolution. I have another resolution that I desire to read. The Liberal platform from which I read an extract to-night, declared that a protective tariff had fostered monopolies, trusts and combines. These combines, I am afraid, have not wholly been destroyed. I think there are some of them in Canada now; and I propose to give them a certain notice that they may govern themselves accordingly. Therefore, we propose a resolution which we hope will be useful. I know how difficult it is to reach the combines. I know how ingenious they are, and there is the barest possibility that they will be able to climb over this resolution. But that is no reason why we should not make an effort to deal with what is regarded as a great evil in the community. I propose this resolution:

#### PROVISION AGAINST COMBINES.

That whenever it shall appear to the satisfaction of the Governor in Council that, as respects any article of commerce, there exists any trust, combination, association, or agreement of any kind among the manufacturers of such article, or the dealers therein, or any portion of them, to enhance the price of such article or in any other way to unduly promote the advantage of such manufacturers or dealers at the expense of the consumers, and that such disadvantage to the consumers is facilitated by the customs duty imposed on a like article when imported, then the Governor in Council shall place such article on the free list, or so reduce the duty on it as to give to the public the benefits of reasonable competition in such articles.

Perhaps, Sir, before I go further, I ought to say something to the House in answer to the suggestions of my hon. friend from York (Mr. Foster) as to the amount of duty to be gained or lost by these changes. I

have to confess frankly that it has not been found possible to make a very elaborate calculation on that point; it is difficult to make a calculation of what amount of duty will be lost or gained under the scheme which I have the honour to submit to the House. As respects a few items, we believe that the reductions made in the duty will undoubtedly involve some loss of revenue; as respects the tariff generally, with the exception of these few items, we think that, while the reductions will be very considerable and of great value to the people, they will be balanced to a large extent, if not altogether, by the expansion of trade which we believe will follow the adoption of this policy. It is not to be assumed that because the duties are reduced, therefore the revenue will be reduced. On the contrary, it is quite conceivable that by a policy of reduction of duty you may increase your revenue; in like manner, it is conceivable that by a policy of increasing your duties, you may not increase your revenue to the extent that you anticipate. Speaking generally, our expectation is that upon a large number of the items, in fact, upon the tariff generally, with the exception of a few items, the reductions will amount to a very considerable sum to the consumer, but there will be such an expansion of trade that practically there will be no loss of revenue. But that would not be true of all the items. There are a few items on which, undoubtedly we shall lose revenue, and perhaps in the statement I make I shall omit to mention something which ought to be considered, because I have frankly to tell the House that the matter is one in which it is somewhat difficult to be precise. I think, however, that in the matter of iron, owing to the large reduction which we make, for example the reduction on pig iron from \$4 to \$2.50 in our general tariff, with a further reduction of one-eighth of that duty, and later on another eighth under the Reciprocal Tariff, there will undoubtedly be, in the beginning at all events, some loss of revenue. Making a rough estimate on that matter, I candidly admit it is only a rough one, I think we may lose on the item of iron \$217,000. I think perhaps on the item of woollens we may lose \$275,000; on cottons something like \$66,000. On the item of corn we will lose about \$207,000, less the amount

which will be paid by the distillers, which I estimate to be in round numbers, \$80,000. Deducting \$80,000 from \$207,000, the net loss will be \$147,000. If we add these to the items already mentioned with respect to iron, woollens and cottons, we have a gross loss of about \$700,000. I do not profess to offer this to the House as a very correct statement, I admit it is difficult to estimate, and we have to do it very broadly and with great doubt as to how it may turn out; but I think we will not be far astray when we say that for the first year we may lose on these items about \$700,000. We will gain something by the policy we propose, and I will refer to the resolutions I have to propose with respect to the excise duties. The duty at present imposed by the excise law on spirits is \$1.70 per proof gallon. We propose to increase that to \$1.90 per proof gallon. I know there is a desire on the part of some hon. members to still further increase the duty on spirits. It is naturally an article to which a Finance Minister turns in his desire to obtain revenue.

Mr. FOSTER. Takes to drink.

The FINANCE MINISTER. Some Finance Ministers do; as for myself I drink water. But every hon. member who has had any experience of public affairs knows that you may push your spirit duties to a point where you will not get increased revenue, or at all events you will get it at a high cost. I am free to confess that we are rapidly approaching that point in Canada. I do not suppose that we can raise the duties much higher than we propose at present time. If it is considered expedient to still further increase the duties, the experience of other countries leaves no room for doubt as to whether by increasing the duties you will increase the revenue. I do not profess to give any absolute judgment on the point, but there is some doubt in my mind whether we would derive any increased revenue from the spirit duties if we increased them materially above what we propose. Some branch may be found on which increased duties may be levied, and if such is the case, some Finance Minister will call it into operation.

We propose to reduce the duty on vinegar from 6 cents to 4 cents per gallon, but at the same time we impose a duty of 4 cents

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per proof gallon on acetic acid. Those industries have come into conflict, and the manufacturers of vinegar and acetic acid do not agree. I have reason to believe that on the whole this will be measurably satisfactory to all as a fair compromise. It is also proposed that the Government may exempt acetic acid when used for mechanical purposes.

From the imposition of an excise duty on foreign raw leaf tobacco, we get an important item of revenue, as I shall proceed to show, and at the same time we confer considerable advantage on the growers of tobacco in Canada. How far it is possible for our growers to displace foreign leaf was much disputed before the tariff commission; but if the Canadian producer can as a result of this duty get some advantage, we see no reason why he should not have the same opportunity afforded him as has been afforded to other industries. Our main purpose is to get revenue, but at the same time there is no objection to the growers of tobacco in Canada receiving advantage from this resolution.

Mr. FOSTER. How much duty do you expect to receive from this increased duty on raw leaf?

The MINISTER OF FINANCE. From raw leaf tobacco we expect to receive the comfortable sum of nearly \$1,000,000. We expect to get from increased excise duties on spirits, \$509,000, increased excise duty on cigarettes, \$100,000, and from increased customs duties on spirits, tobacco and cigars about \$173,000. If we should realize our expectations on all these items, and of course there is a probability that the effect of the increased duties may be to diminish consumption—if we would get our full estimate of the amount from increased duties on spirits, cigars and tobacco, the sum will reach \$1,700,000. Of course I quite realize that we may not collect this sum, because it is well known that with increase of duties the difficulties of collection become greater. I have also stated that we shall lose about \$700,000 through reductions in iron, woollens and other goods. I have mentioned in the earlier portion of my speech that if we were continuing the old tariff, we would need about \$750,000 more than it would provide. So if we take

three-quarters of a million, which we might probably need in that regard, and \$700,000 we may need—perhaps that is a large estimate—to make up the loss we will sustain from the reduction of the duties—we will come out about even. The bounty on iron is also to be taken into consideration, and may vary the figures a little. It has already been stated that we are making very material reductions in the duties on iron. The iron industry was not specially favoured in the original National Policy. At all events in later years we know that hon. gentlemen opposite felt they were justified in entering on a policy for the special development of the iron industry, and in doing so they granted bounties on iron and steel billets, as well as raising the duty to a very high point.

#### BOUNTY ON IRON AND STEEL.

We have reduced the duty and we propose now to make up to some extent, for a short time, the loss to the industry by increasing the bounty. How far it was a wise policy to undertake the development of the iron industry in Canada in the way the hon. gentleman (Sir Charles Tupper) attempted, in the face of many difficulties, and in the light of our experience—how far that was a wise policy may well admit of argument. But, it is not worth our while to argue it to-day. We know that large sums have been invested in this industry. We know that large iron industries exist in the country, and while we may not approve of the policy under which they are established, we have no desire to see them snuffed out now. As in dealing with all other industries, we have shown a very large measure of consideration, so we desire to show fair consideration to the iron industry. Therefore, we say, if it is in the interests of the people of Canada that there shall be a reduction in the duty on iron we are prepared to accept the responsibility of advising that the bounties on iron should be increased for a term of years in order that this industry may have a fair chance for existence.

We have substituted a bounty on the steel ingot for the bounty on the billet, and I am inclined to think that will be more satisfactory to all concerned. We propose the following resolution:—

1. That it is expedient to repeal Chapter nine of fifty-seven and fifty-eight Victoria, being: "An Act to provide for the payment of bounties on iron and steel manufactured from Canadian ore" and all regulations thereunder made by Order of the Governor in Council.

2. That it is expedient to provide that the Governor in Council may authorize the payment of the following bounties on steel ingots, puddled iron bars and pig iron made in Canada, that is to say:

On steel ingots manufactured from ingredients of which not less than fifty per cent of the weight thereof consists of pig iron made in Canada, a bounty of three dollars per ton;

On puddled iron bars manufactured from pig iron made in Canada, a bounty of three dollars per ton;

On pig iron manufactured from ore, a bounty of three dollars per ton on the proportion produced from Canadian ore, and two dollars per ton on the proportion produced from foreign ore;

3. That it is expedient to provide that the Governor in Council may make regulations in relation to the bounties hereinbefore mentioned in order to carry out the intention of these resolutions.

4. That it is expedient to provide that the said bounties shall only be applicable to steel ingots, puddled iron bars and pig iron made in Canada prior to the twenty-third day of April, 1902.

5. That it is expedient to provide that the foregoing bounties shall be payable only on iron and steel for consumption in Canada, and that the Governor General in Council may, at any time by proclamation, impose export duties on such iron and steel if the same shall be exported from Canada; such duties to be not greater than the amount of the bounty payable on such iron and steel.

**Perhaps I may say in that connection that** those who have no knowledge of the subject may too hastily assume that iron can be satisfactorily made in Canada from Canadian ore. It is not a peculiarity of the iron trade here, but it is known in the iron business generally, that it is found advantageous to blend different kinds of ore, and, therefore, the Canadian producer of iron would not be able to make iron of a satisfactory character if he were compelled to use only the Canadian ore. We recognized that fact, and propose to pay this bounty with due regard to the proportion of the Canadian ore which they may use. We give them the bounty for a term of five years from this date.

There is another provision. We always regard the action of a foreign country which grants bounties on products shipped to Canada in competition with our industries, as a somewhat unfriendly action. We believe that a bounty fed article is improperly brought into competition with our products, and we accordingly feel aggrieved. Now we are willing to pay a bounty on iron manufactured in Canada for consumption

in Canada, but we have no idea of paying the manufacturers of pig iron or other iron a bounty to enable them to supply the world with cheap iron. Therefore, we say that the bounty shall be applied to iron produced in Canada for consumption in the Dominion, and if this iron is shipped beyond the Dominion we have the right to impose an export duty upon it equal to the bounty paid by the Government of Canada.

I think, Sir, I have now presented to the House all the resolutions which are of importance, although there are a number of others that are of such a formal character that I shall not deem it necessary to read them.

#### THE "FAVoured-NATION" TREATIES.

**Sir CHARLES TUPPER.** Would my hon. friend allow me to ask him a question, as the subject is a very important one. In granting the advantages which he has stated he proposed to grant to goods imported from the United Kingdom, how does he propose to get over the Belgian and German treaties which actually prohibit Canada from discriminating in favour of Great Britain against either Belgium or Germany, or any of the countries that have most-favoured-nation treatment?

**THE MINISTER OF FINANCE.** I am obliged to the hon. gentleman. That is a subject which I had next on my notes, and I was about to speak upon it. This question of the favoured-nation clause in Imperial treaties has been more than once before this House. There are very many of these treaties but I think as respects the majority of them no question need arise. It will, I believe, be admitted that in most cases the terms of those treaties will not interfere with our liberty of action. Any question that may arise must come as respects the Belgian treaty of 1862 or the treaty with the German Zollverein of 1865. Both of these treaties do seem to provide that it shall not be the privilege of any colony to admit the products of Great Britain into its market without extending similar privileges to Belgium and Germany, and, in effect, this would extend to all countries having the favoured-nation clause.

How far we ought to acknowledge that as a principle that could be properly applied to a self-governing colony like Canada, might well be a question for consideration;

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but, Sir, I am not disposed to raise that question to-day. I wish to draw attention to the fact that there is an important distinction between the policy which seems to be forbidden by the Belgian and German treaties, and the policy which I have the honour to submit to the House. By the Belgian and German treaties, any colony would be forbidden to make a preferential agreement with Great Britain alone. We do not by our resolutions offer anything to Great Britain alone. We recognize the fact that Great Britain by her liberal policy is in a position to avail herself of this offer immediately, but we make our offer, not to Great Britain only, but to every nation which is prepared to accept it. We make it to every country which is willing to establish fair and reasonable trade relations with Canada.

Now, I shall not undertake to pass any judgment upon this very important question of the most-favoured-nation clauses of these Imperial treaties. It is an international question, and it is well that we should reserve our final judgment upon it. We recognize that it is a question upon which we shall ultimately have to consult with Her Majesty's Government, and I need not say that any view that may be taken by Her Majesty's Government will be considered by the Government of Canada with the respect that is due to any representation that might be made on any subject, but above all, on a question of an international character. I say that it does not seem fair and reasonable that we should be obliged, while we are offering certain terms, not to Great Britain only but to all countries which will place themselves in the same position—it does not seem to be fair and reasonable that we should be obliged to extend the privileges of this schedule, which we call a reciprocal tariff, to nations which are not willing to do anything in return.

I admit there may be difficulties in the way. It may be possible that the view we take of this matter is not the correct view, but we say it is only fair and reasonable in the interests of Canada, in the interest of fair trade between ourselves and Great Britain, that we should to-day take the position that the favoured-nation clauses do not apply; and that this resolution which I put upon the Table of the House will only ex-

tend to such countries as are prepared to give admission to our products under fair terms.

Sir CHARLES TUPPER. I would draw the attention of the hon. gentleman (Mr. Fielding) to the fact that the treaty is not made between Canada and other countries. The treaty is made between Great Britain, Belgium and Germany, and applies to all countries that have most-favoured-nation treatment with England. The express terms of one of those treaties, at all events, is that England will not permit any higher rate of duty to be charged upon articles coming from those countries than is charged upon like articles coming from Great Britain herself. If I am correct in my reading of the treaties, the proposal of the hon. gentleman is entirely delusive, and will have no effect whatever.

The MINISTER OF FINANCE. I have to thank my hon. friend for the information that Canada has not made these treaties. I thought, of course, that we all understood that Canada does not make treaties directly but does so only through Her Majesty's Government; and therefore there is not very much information in what my hon. friend has said on that point. What I understand, subject to the ultimate judgment of men who know more than I do—I do not speak as an oracle—with regard to the Belgian and German treaties, is that Great Britain will not allow any colony to offer concessions to Great Britain without at the same time offering them to those countries.

Sir CHARLES TUPPER. Nothing of the kind.

The MINISTER OF FINANCE. While my hon. friend is willing to settle that question in that airy way which is so delightful—

Sir CHARLES TUPPER. The treaty speaks for itself in express terms.

The MINISTER OF FINANCE. Even if it does, the world moves, and possibly the step we are taking to-night may have the effect—and that may be one of the advantages of it—of drawing the attention of Her Majesty's Government and of the English public to the position of those treaties, and thus opening up the question. Meantime, Sir, recognizing the difficulties, recognizing the

**possibility that our judgment may be mistaken**, and recognizing the obligations we may owe as part of the Empire, we intend for the present to take the view that inasmuch as we offer these conditions to other nations, if they do not see fit to accept them, the responsibility rests upon them and not upon Canada.

#### EXPORT DUTIES.

**Mr. HUGHES.** I would like to ask my hon. friend if he has taken any steps in his Budget to provide for an export duty on logs or on pulp-wood ?

**The MINISTER OF FINANCE.** The hon. gentleman is well aware, and the House is well aware, that numerous representations have been made to the Government on this question of export duties, as applied not merely to logs, but to a number of other articles. It is a large question and one which we believe should be approached with great consideration and deliberation. We are not prepared to-day to declare our final judgment on that question. In the tariff which I submit to the House, we do not propose an export duty on any article, except on iron which has received a bounty. We do not think it would be prudent at this moment to take the step which the hon. gentleman's question suggests. At the same time, we reserve our judgment on that point, and the matter may come up again at a later stage of the session.

#### BUSINESS PROSPECTS.

We have of late read and heard expressions of opinion that the trade of the country has been very much upset, not so much by uncertainty as to the nature of the tariff, as by the delay in the announcement of it; and while there seems to be some hesitation in the extension of trade at the time our fiscal system is under review, yet I cannot regard the existence of this period of suspense as wholly hurtful. Warehouses which have been over-full will be drained of their stocks, long credits and over-drafts will be considerably reduced, and in the end business will be established on a firmer basis; and once the details of the tariff are announced, trade will not only seek its accustomed channels, but will flow in increased volume. Throughout the whole Dominion the prospects look encouraging. In Manito-

ba and the North-west Territories, in consequence of better harvest and better prices for grain, the cloud that has been overhanging for some time seems to be lifting, and with the removal of restrictions and a better administration by my hon. friend the Minister of the Interior (Mr. Sifton), I look forward to that country going rapidly ahead. Further west, our distant province of British Columbia is experiencing an impetus from the development of her rich mineral deposits. In the older provinces there is the promise of a prosperous year, and, as I have said, business is only waiting for the details of the tariff to be announced, to resume its accustomed channels in increased volume.

In conclusion, permit me to sum up the chief points of the policy which I submit to this House. The Liberal party, in its platform at the Ottawa convention, declared itself to be in favour of a reduction of the tariff. That pledge we have fulfilled to-day by substantial reductions in our general tariff, and still further by the large reductions made in our reciprocal tariff. The Ottawa platform pledged the Liberal party to endeavour to bring about the desired reform with the least possible disturbance of business, and with no injustice to any class. That pledge we have fulfilled to-night by placing on the Table of the House a tariff which in its every line shows that the Government have approached the subject with the utmost consideration, and with a desire to disturb in the least possible degree the various business interests of the Dominion. The Ottawa platform pledged us to have particular regard for a reduction of duties on British goods, and my hon. friend the Minister of Marine and Fisheries (Mr. Davies) moved in this House a resolution affirming that policy. We have fulfilled that pledge to-night in the most ample manner. The Ottawa platform pledged the Liberal party to use all honourable efforts to bring about better trade relations with the United States. We have already taken the first step in that direction by commissioning two Ministers of this Government to visit Washington and make known the fact—if it was necessary to make it known—that Canada is willing to negotiate with our American neighbours for a fair and reasonable reciprocity treaty. If our American friends wish to make a treaty with us, we are will-

ing to meet them and treat on fair and equitable terms. If it shall not please them to do that, we shall in one way regret the fact, but shall nevertheless go on our way rejoicing, and find other markets to build up the prosperity of Canada independent of the American people.

We present to this House a tariff which has the advantage of being simpler than the one that now exists, and I feel assured that it will to a considerable extent reduce that friction which has so long existed between the merchants of the country and the Custom-houses. We submit a tariff which largely abandons the specific duties that have been so unjust to the poorer classes. We submit a tariff in which the large free list is practically not disturbed, but has large additions made to it. We give to the country the great boon of free corn, which will have an important effect on the development of our farming interests, and particularly the dairying interest, to which we must look in a very large degree for the prosperity of our farmers and the increase of our exports. We give to the country a reduction of the duty on coal oil, and the removal of burdensome restrictions respecting the sale of coal oil. We give to the farmer his fence wire at a low rate of duty for the present year, and place it on the free list from the 1st of January next. We give him his binder twine on the same terms—a lower rate of duty for the present, and free binder twine from the 1st day of January next. We give the medical and dental professions a boon which the younger and less wealthy members of the profession will appreciate, when we put all surgical and dental instruments on the free list. We recognize the great mining industry of the country by placing on the free list all machinery exclusively used in mining enterprises. We do not confine it to mining machinery made in Canada, but we say it is more important to develop the mining interests of Canada than even to make a few machines in Canada, and so we put mining machinery exclusively used for the purposes of mining enterprises on the free list. We give the people the benefit of reduction on breadstuffs, flour, wheat and cornmeal. We give the manufacturers the benefit of cheaper iron, and much complaint has been

made by them in the past of the burdens imposed upon them by the iron duty. We revise the duties on rice in such a manner that they will not add a cent to the cost to the consumer, yet they will add materially to the public revenue. We give the people a reduction almost all along the line. We provide the necessary revenue to meet the great needs of the country by increased taxes on articles of luxury, such as spirits, tobacco and cigars, and without any increased taxation on the necessities of life. If hon. gentlemen opposite have ever had the free breakfast table they talk about, we make it freer to-day by reducing the duty on the sugar that goes on the breakfast table from \$1.14 per 100 pounds to \$1, which is a material reduction.

#### PREFERENTIAL TRADE.

And last, but not least, we give to the people the benefits of preferential trade with the mother country. This question of preferential trade has been mentioned in the House in times past. Leading public men have advocated preferential trade, but always annexing to their suggestions a demand with which it was well known England could not comply. All the advocates of preferential trade, at all events all who have taken an active part in that movement, have assumed that, as the first step, England must consent to put a duty on grain. We know that England does not view that project with favour. We know that no more unpopular project can be offered the English people than to ask them to put a duty on breadstuffs. It may be, as time rolls on, and at an early day, they may change their views. It may be that they may see it in their interest to make this distinction, and they may offer some preferential terms to the grain of Canada. If they can be induced to do that by fair argument, I have no doubt it will be a good thing for Canada. But why should we wait for England to take action? England has dealt generously with us in the past. England has given us a larger degree of liberty perhaps than is possessed by any other country on the face of the earth. She has given us liberty to tax her wares even when she admits our goods free, and we have taxed them to an enormous degree. Why should

we wait for England to do more? Somebody must make a move in this matter, and we propose that Canada shall lead the way. My hon. friend the leader of the Opposition says that our project of freer trade with England is a delusive one.

SIR CHARLES TUPPER. Hear, hear.

THE MINISTER OF FINANCE. Is it delusive? When I place these resolutions on the Table of this House to-night, they go into effect, and I speak with pride, in the name of the Liberal party, and the hon. gentlemen around me will share that pride, when I say that to-morrow morning, at every custom-house in Canada from ocean to ocean.

the doors will open on terms of preferential trade with the mother country. I cannot doubt that this tariff will commend itself to this House and to the country, and when this policy shall have passed its various stages, when it shall have passed into law, then the members of the Parliament of Canada may feel that, in this glorious year of jubilee, they have made a noble contribution to that splendid parliamentary record which Tennyson had in his mind when he pictured the reign of Her Majesty Queen Victoria:

And statesmen at her council met,  
Who knew the seasons when to take  
Occasion by the hand, and make  
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